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INNOVATIONS IN PUBLIC HOUSING

A REPORT TO THE NEWARK HOUSING AUTHORITY
NEWARK, N.J.

INNOVATION IN PUBLIC HOUSING

A REPORT TO THE NEWARK HOUSING
AUTHORITY FROM NEWARK HOUSING
WORKSHOP STUDY GROUP, HARVARD
UNIVERSITY, GRADUATE SCHOOL OF
DESIGN, CAMBRIDGE, MASSACHUSETTS

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INTRODUCTION

INNOVATION IN PUBLIC HOUSING: A REPORT TO THE
NEWARK HOUSING AUTHORITY

PART 1

INTRODUCTION

This report summarizes investigations undertaken by a Housing Workshop organized in the spring term of 1975 in the City and Regional Planning Department of the Graduate School of Design of Harvard University. The workshop, at the request of the Newark Housing Authority of Newark, New Jersey, undertook preliminary studies and analysis of strategies to modernize the existing public housing operation in Newark, in the context of current demand for housing in Newark and changes in the Federal subsidized housing programs. While a principal aim of the Housing Authority in the task assignment was to address the question of innovative strategies, there was also a strong recognition by the Housing Authority and workshop investigators of the constraints on innovation. Feasibility of implementation of desired changes is constrained by the legal-institutional organization of the housing authority itself, by an established organizational structure, by the state statutory parameters of the organization, and by the federal program organization. Another

strong constraint is in the market for low income and subsidized housing in the city. Newark is a poor city and a very large proportion of residents are eligible for some kind of subsidized housing. A final constraint on innovation is the current shape of costs of housing in Newark's region: both capital investments and operating and maintenance costs are high and likely not to improve in the foreseeable future.

The scope of this work and task assignments evolved consequently, strongly influenced by a need for balance between the desire for innovation from the Housing Authority, and the real parameters of implementation feasibility. A range of improvements in each task area are investigated, wherever possible, therefore to underscore the problems of balance between innovation and feasibility of implementation.

The time frame for investigation was necessarily short. The workshop investigation was further hampered by the availability of data and quick retrieval during the short timeframe of less than three months. On site visits were made by each of the workshop participants however, there were constraints on data collection in all areas. These limitations also restricted the level of investigation of each task area.

Scope of Work

The generalized scope of work comprised an investigation

of design and financial feasibility options for conversion-treatments of existing public housing projects in Newark to low income cooperatives, improved family rental units, and modernized elderly housing units. The task distribution of investigations largely grew out of this generalized scope to incorporate location and neighborhood studies, interior use and service studies based on anticipated household structures in the housing and other implementation questions, including legal, financial, marketing and management studies. Because most of the authority's projects--whether subjected to modernization treatment or not, will continue to be operated under a central administrative authority as rental units, additional attention was devoted at the Housing Authority's request, to tenant service, security and tenant participation questions.

The task distribution in the report is basically divided into four large components:

- 1) Conversion of existing family units to elderly rental units; including design feasibility options, elderly household service and interior design needs and location questions;
- 2) conversion of existing family units to improved family rental units; including design feasibility options, service and interior design-space needs; neighborhood location;
- 3) conversion of existing family rental units to lower income ownership forms; including design reorganization, financial and market feasibility; legal and organization feasibility questions; ongoing management cost analysis;
- 4) administration and management improvements questions; accelerating modernization program implementation and tenant participation in management of rental housing.

A. Organization of the Study

The study is divided into four basic parts. The first looks at the physical environmental setting for public housing and attempts to define the relationship of public housing to its neighborhoods. More particularly, following an evaluation of a sample of three public projects (Roosevelt, Columbus and Stella Wright), a central focus, evaluation and schematic proposal for redevelopment of the Stella Wright 'neighborhood' (comprising Hayes, Felix Fuld and Scudder projects as well) is proposed.

The second part looks more closely at the problems behind improvements and options for family and elderly rental housing in Newark. Housing and service needs, location preferences and site selection are reviewed along with design modernization options focusing on Columbus Homes as a 'case.'

The third part looks at the feasibility of low income cooperative development conversion of existing housing. Roosevelt homes, a low density project developed in the mid 1940's, is evaluated in terms of conversion utilizing variable costs, subsidy, and design-modernization options.

The fourth part of the study examines some administrative and management questions. One part focuses on strategies for accelerating modernization program implementation, through design of a computerized information

accounting system. Another part looks at the special problem of management of security and safety in the housing program. A final part looks at the tenant relations and tenant involvement in management issues on a wide range of options.

B. Limitations of the Study

This study is necessarily limited to preliminary investigations of a wide and complex variety of issues in public housing improvement in Newark. While in some cases, considerable information was available to form the basis for conclusions and recommendation, in other areas, the time frame, availability of data, uncertainty in critical policy decisions, etc. made conclusions impossible. The study has attempted, therefore, in most cases to serve as an overview approach, delineating where possible directions for more intensive study.

Many conclusions and recommendations are also presented in the form of conceptual options, or in the form of possibilities for initiation of demonstration projects. The value of both approaches cannot be underestimated. In general, the study takes the approach that until analytical and predictive tools are sharpened, "tests" of various options may be the superior means where solutions are desired, but the state of knowledge remains uncertain, particularly over full scale commitments to single solutions.

C. The Newark Setting and Public Housing

Newark has one of the largest public housing operations in the United States, consisting of 13,000 units built under Federal subsidized low income programs since the late 1930's. In terms of impact on the city, further, public housing is great. Nearly 10 percent of the city's total housing stock is operated under the program, around 30 percent of all post-war housing was built under the program. A large proportion of the housing was built during the 1950's and 1960's on land cleared under Federal slum clearance programs, with high concentrations in the city's central area, just west of the central business district. This geographical concentration, coupled with higher density design features has created some major problems however. Income distribution of the projects is not high, creating a concentration of the poor in the central area. Further, the physical character has tended to separate projects from their neighborhoods, creating insulated sub-communities within project areas. Another major problem cited by Housing Authority officials has been the general problem of maintenance. A combination of inconsistency in Federal financing policy and local management practices has resulted in major problems of deterioration in maintenance and tenant conflicts with management over maintenance services.

The high concentration of public housing in Newark is justified by the high concentration of lower income

households in Newark. Resident households income in the city, always lower than the suburbanized region, has tended to decrease even more relative to the region over the past two decades. Thus, a very strong market for subsidizing housing in the city has developed. Secondly, Newark has experienced a dramatic change in racial composition of resident households. Between 1950 and 1970, the city's majority white population shifted to a majority nonwhite population which, despite rising incomes, was largely restricted in mobility into white suburban areas. The city has failed to attract higher income households to balance these trends, despite strong efforts in the 1960's with a large urban renewal population.

Prospects for federal and state assistance in resolving both the current crisis of housing in the city--which maintains a consistent low vacancy rate in standard housing--and the crisis in subsidized public housing are presently poor. Recently, federal policy has seen an end to the conventional public housing program although there is maintenance of commitments to existing programs and some programs for improvements in capital stock. Federal policy has shifted away from supply side subsidies to investigations of demand side subsidies. The first phase of the changeover is represented in the housing act of 1974, which emphasizes "leasing" of units in standard units available in the market for lower income households. In

Newark, this presents a particular problem owing to the absence of standard rental housing. Also, there are few possibilities for development of housing for leasing owing to the absence of vacant land, current costs of new construction and a variety of other problems.

In existing housing which will remain under the federal program, problems also remain. Important among them are (1) relations between tenants and the housing authority; (2) relations within public housing communities and in surrounding neighborhoods. The first problem may be resolved through cultivation of stronger mechanisms for participation and stronger service components within the existing projects. A major problem identified by tenant groups is that of employment and stable income. With high unemployment, many residents have looked to the authority to provide some employment benefits in provision of services by the authority, and steps towards tenant participation in maintenance are objectives. The second problem, relations within the housing communities and surrounding neighborhoods are to some extent limited by the lack of organization structure, or institutional linkages which would tend to integrate tenants into a community. While some steps have been taken towards all these objectives, strong commitments to implementation of them both by federal and local authority officials remain to be made.



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THE PHYSICAL ENVIRONMENTAL SETTING AND DESIGN
OPTIONS

PART 2

THE PHYSICAL ENVIRONMENTAL SETTING,
PROBLEMS AND DESIGN DEVELOPMENT OPTIONS

This part evaluates problems of public housing in its physical environmental and social setting of Newark. Evaluation is made of alternatives for integrating existing public housing projects within their surrounding communities, utilizing potential development options for commercial, community public facilities and economic development, to establish stronger linkages and interaction between the projects and the overall community. The approach looks for resources and opportunities within and outside project areas, then evaluates development options in terms of creation of mutually satisfying goals for the project communities and the city. Urban design concepts as an approach represents one means for quickly establishing a problem definition and opportunities in conceptual terms, in a complex urban environment. In essence, the approach focuses strongly on interaction, either through functions or social intercourse, looks at barriers to interaction and isolates building blocks which can serve as components for an overall plan. Since it focuses strongly on public housing communities and the needs of these communities, it may offer yet an additional approach

to the several approaches under study which look more at macro scale wide benefit actions.

The study is divided into three parts. The first part looks at public housing in the context of the more general physical environment and economic context of the city of Newark to form a basis for closer examination of project areas. Current demographic and spatial development trends, land use and economic development are examined briefly. The four target areas for projects, Columbus, Roosevelt, Scudder and Wright are next examined in terms of their relations to the city and neighborhoods. The latter evaluation briefly summarizes the current service outlook for these housing communities and the likely service and interaction area boundaries for improvement.

The second part of the study looks more closely at one project area, that comprising Scudder and Wright projects. This area was chosen for more intensive study for two primary reasons. First, it comprises the highest concentration of low income subsidized housing in the city, within a 1/4 mile radius and includes two other major projects, Felix Fuld and Hayes Homes as well as other subsidized middle income housing. A second reason for strong focus on the area is the opportunity favored for redevelopment in the area. The city has placed a high priority on redevelopment of this city area and the availability of large tracts of undesignated vacant land present major opportunities for

establishing the kind of development which will benefit public housing as well as the neighboring community areas. The study examines both the existing structure of neighborhood services, access and economic opportunities, then evaluates the potential for redevelopment.

The third part of the study looks more closely at the question of redeveloped use options. Here, three major types of development are related in conceptual terms to the existing housing service areas and vacant land, public uses, commercial-service and economic job development oriented uses and additional residential use. Finally, questions of implementation are evaluated.

A. The City Setting, Trends and Newark Public Housing

The city of Newark has developed historically based on its strong accessibility in the urbanized northeast. Recently, however, much of the city's competitive position has been lost through suburbanization, limited land area, and limited resources. A high concentration of the region's disadvantaged have become concentrated in the city, and justified a large concentration of public housing among other service-programs. The future will depend on capitalizing on the location-access of the city, but as well as reversing declining incomes in the population and deterioration of the city's physical setting, including public housing.

The city of Newark is located within the high density urbanized northeast corridor, approximately half-way between the 400 mile Boston-Washington, D.C. length. The location has contributed in the past to strong economic development, which served employment interest for a very broad suburbanized region. While the region's economic activities concentration has remained strong, however, during the past two decades, major shifts have occurred in the composition of employment. Declines in manufacturing and replacement by white collar jobs, have created a high proportion of commuting workforce, while leaving local mainly blue collar residents at a disadvantage. While efforts have been made to "re-attract" industry to Newark, the city competes poorly with suburban industrial parks. Newark's land area is very limited, comprising only 24 square miles and there is very little vacant land. Secondly, much of the existing industrial land is built up in "obsolete" uses, which are costly to retire. All in all, without major subsidies as well as strong promotional actualities, there is little hope for future expansion of industry in the city.

The effects of the post-war contraction of manufacturing and the increase in a commuting white collar suburban population to the city is reflected in the population trend changes in the city. Always a blue collar city, Newark's resident households rapidly shifted during the post-war period from a mainly white to mainly nonwhite population. A

combination of shrinking available jobs, discrimination in employment and low skills for white collar work has increased unemployment drastically among Newark's resident households. These events are visible, for example in the household income distribution in Newark's public housing, and in the generally high dependency rates.

Newark's public housing program strongly reflects the effects of economic and social trends in the city. During the 1950's and 1960's, the program was developed as part of a strong "solution" to lagging slums in the Central area, to demands for subsidized housing by low income residents and to the "need" for public works types of jobs by the construction industry. Between 1950 and 1965, over 6,000 units of housing were constructed, mainly in high density blocks on land in the central ward cleared as part of Federal "slum clearance" programs. Initially conceived as a program for the "working" poor during the late 1930's, by 1960, however, public housing had become a mainstay of non-whites in cities like Newark for satisfying "housing needs." As a result, the population composition of the projects changed from a mainly white population to a mainly nonwhite population. Further, household composition changed to younger families, characterized by higher dependency and unemployment rates than in the region or the city as a whole.

B. Public Housing and City Services, Education, Employment, and Transportation

Neither the public housing program, or the city have kept pace with the demand for public services, of housing residents. Similarly, questions of employment and access to jobs have tended to have received little attention until recently. On the housing authority side, few provisions were made in project site organization, or design for service and common space by contemporary standards. There are very little on site recreation facilities either in or out of doors, there are few authority sponsored counseling or family services, there is almost no common meeting space for adults or young people. There is similarly, according to evidence available from reports and city officials, a major deficiency in city services. The city's school budget, for example, is the fastest growing part of the city's expenses, but schools are old (two-thirds of the schools were built prior to 1916) (some 3,000 high school and 5,000 elementary seats are presently needed), and while some new schools are under construction, the problem remains acute. Other services are also lacking. Included are outdoor and indoor recreation facilities, child care facilities, facilities for the elderly, health care, etc. All in all, considerable attention should be placed on major expansion in city services--both space, and programmatic

Employment presents a special problem. Newark's unemployed is very high, probably over 10% while teenaged unemployment is probably three times as high. In the public housing program, approximately 20 percent of heads of non-elderly households are unemployed, or on some form of public assistance. Further, if the citywide data is representative, public housing households probably have employment concentrated in low skilled, low stability, and low growth areas. Some problems relate to the structure of the workforce itself; the high concentration of young people or those just entering the labor force, and the high concentration of minorities, who suffer worse from economic contractions. But much of the problem relates outside the structure to the general economy and the economic position of the city. There has been little attention by the city to the opportunities for creation of workforce opportunities in the city for nonwhites, particularly in white collar work. Similarly, within the housing authority itself, employment--on maintenance, clerical and other work--has gone to non-residents, rather than residents. Preferential hiring for residents on the staff jobs would assist considerably in expanding work opportunities. Attention to redevelopment of job generating development for local residents would also help.

Access to the projects, for employment, or other purposes (shopping, entertainment, business) is very poor primarily because of the absence of a rational transportation

system which connects projects to concentrations of job opportunities, shopping, etc. Because of low incomes, many public housing households cannot afford automobiles. Thus, some serious attention should be given to reorganization of the existing transit system, to promote access to city and non-city economic and noneconomic concentrations. Alternatively, development within walking distance, of employment, services, and shopping facilities would reduce the need for movement outside the community.

Land Use

Newark, with an area of over 15,000 acres of land, of which some 9 percent (1,700 acres) is vacant (most of which is meadows). Of the remaining land there are some 4,200 vacant lots in addition to Urban Renewal sites.

Industrial uses such as factories have been decreasing causing a decrease in the number of manufacturing jobs. The major proportion of these jobs are located near the rails, the Passaic River, and on the meadows.

Public recreational space in Newark is substantial on an overall basis. Due to a significant increase in unit density throughout many of the residential areas, however, there has been a marked lack of recreational space increase in proportion to these new densities. Especially deficient are the old south, west, and central wards which house an estimated 50 percent of the active age groups, some 137,000

people from 5 to 24 years old. Collectively, these areas need an additional 36 percent recreational space (based on a standard of 3 acres per thousand persons).

The amount of commercial zoning in Newark is in excess of the demand for business sites, causing an inflated valuation to be placed on properties in anticipation of use which cannot be realized. This has tended to slow development and maintain marginal uses. Such zoning may also cause increases in marginal business such as the strip commercial development on Springfield Avenue. These businesses find it difficult to exist with rising tax and value rates. Also, strip development of commercial land is no longer viable for the city. It suffers from lack of parking and competes poorly with decentralized shopping centers in the suburban fringe areas of the city.

Housing stock is rapidly deteriorating in the city. Of an estimated total of 135,000 units in 1960, 15,000 housing units were lost through major publically funded projects, abandonment and fires. Subsequently, another 10,000 units were gained, resulting in a net loss of approximately 7,500 units from 1960 to 1972. Residential needs of Newark have been projected as being in excess of some 20,000 units prior to 1980.

The four public housing projects designated for study are Christopher Columbus Homes, Franklin D. Roosevelt Homes,

Edward W. Scudder Homes and Stella W. Wright Homes. This section of the analysis focuses on these housing projects and their surrounding areas (see UD IB). For each of the following three area studies there is a brief description of each project and its respective area character. Following, there are graphic interpretations of existing facilities within the areas. These include general land use, community facilities, educational facilities, and park and recreation space.

In defining the above areas, Scudder and Wright Homes are both contained within Area 1 because of their relative proximity to each other. Also included in Area 1 are Felix Fuld Court and Reverend William P. Hayes Homes, owing to close proximity to Scudder and Wright. The area around Columbus is Area 2 and Area 3 comprises Roosevelt Homes.

This area-level research was undertaken to better evaluate the public housing project's role in relation to its surrounding community. Areas were analyzed in terms of their general land use, community facilities, educational facilities and parks and recreational areas. This last phase of the analysis is to be used as a basis for the urban design-development proposal.

Area 1

Scudder and Wright Homes are located in the Urban Renewal Project NJ R-6, also known as the Old Third Ward

(UD I-B.1a refers). The ward encompasses an area of 204 acres (excluding Scudder and Wright located within) which consists mainly of vacant or deteriorated residential land. In addition, there are some public facilities such as schools and a small amount of commercial, mainly on its bordering streets (Belmont and Springfield Avenues). A closer look within Old Third Ward will follow in Part II

SCUDDER HOMES has a density of 332 persons per acre and consists of 8 residential buildings, 7 of which are 11 stories and 1 at 13 stories high. The project includes 1,674 units and 252 units for elderly. A total of 63% of residents are youths under 21 years old (other than head of household or spouse). Scudder is surrounded by mainly vacant land on its north and east sides and public facilities on its south and west sides.

WRIGHT HOMES has a density of 318 persons per acre with 7-12 story residential buildings on 14 acres of land. There are 1,205 dwelling units with about 69% of the residents under 21. Its surroundings are similar to those of Scudder with residential to its east and community facilities to its north. On its south and west sides is vacant land.

HAYES HOMES consists of 10-12 story residential buildings and 1 11 story elderly residential building. Its density is 241 persons per acre with a total of 20 acres. Of the 4,564 residents, 230 are elderly and 59% are minors.

The area surrounding Hayes is basically vacant land. There are dilapidated dwelling units and industry on its north side. Belmont Avenue on the east of the project has a small amount of marginal commercial business in addition to several mobile vendors operating on the street out of their trucks. On the west there are residential structures which seem to be in fair physical condition. Hayes is located contiguous to Urban Renewal sites NJ R-32 and NJ R-6. For NJ R-32 see Fuld.

FULD HOMES is located in NJ R-32, also known as the Central Ward. It consists of 95 acres with a random mixture of residential, commercial and industrial uses. In addition there are the junk dealers and scrap iron processors dispersed throughout the mainly vacant area with a few dilapidated buildings and a public swimming pool. The housing project consists of a low-density low-income area with 119 persons per acre (the city average is 114) with 8-3 story residential buildings on about 7 acres of land. With a population of 800 people this project will be treated with less emphasis in Area 1 than will the other three high-rise high-density public housing projects

Area 2

COLUMBUS HOMES is the most dense of the housing projects with 384 units per acre and consists of 8-12 story residential buildings on a site of 15 acres. It is located in the

Fairmount-College Heights area (Newark Planning Area 9) within a relatively well established neighborhood with a small amount of commercial facilities located on 7th Avenue on the north. On the south the project is bounded by State Highway Route 21 and the Colonnade Residential Complex on the east and west sides. Of the four public housing projects Columbus seems to be in the most facilitated location due to its relative position to Newark's Central Business District (CBD) and its surrounding community facilities.

Area 3

ROOSEVELT HOMES is located on 12 acres of land with a residential population of 850 people, giving a density of 74 persons per acre with 11 - 3 story buildings. The least dense of all the above-mentioned projects, it is located in NJ R-121, otherwise called the Industrial River Project Area. The area consists mainly of industrial uses with only a small amount of public utilities added. Roosevelt is separated from the Newark downtown area by the Passaic River.

C. Physical Development Approach and Proposal

The general methodology of the design analysis involves a closer look at the Scudder-Wright Homes area, Area 1. We have therefore defined a somewhat smaller zone around these projects equivalent to a ten minute walking radius from the center of the project area (see UD II-1). Next,

particular development zones are defined based on three larger functions outlined above, commercial, public, and residential. Finally, the functional zones are related to existing land uses and an "opportunity" map, comprising vacant land and other likely development areas. Finally, a schematic development plan is presented.

1. Existing Conditions in the Wright-Scudder Area

As a first step to development of a design-development proposal, a closer look at the existing conditions of the area was made. From ground surveys, an analysis of the built form (see map UD II-1.a) was made to locate all buildings in the area and to classify them according to structural conditions. A building in sound condition and of apparent value is to be saved. A building which seems to be in a dilapidated state or in bad condition and of no apparent value is to be removed. Those buildings which are vacant but seem to be fairly sound and those buildings which seem to be of little structural value but were observed to be still occupied were classified as being of unknown value. This classification is also used where the building use or condition is unknown.

An analysis was also made of the existing community facilities and public and semi-public buildings in the area as well as the existing land uses. The areas within the 10 minute circle which are left blank are considered to be vacant

and without use. The existing transportation patterns are shown as well.

D. Proposed Development in Wright Scudder Area

The second phase of Part II is the establishment of zones for future development. The first zone is a centrally located commercial zone to provide convenient service to the housing projects and other residential areas in the community or areas to be later developed. This commercial zone is projected from the housing and within a 5-minute walk from their centers.

The second zone to be generated is that for community facilities. The zone designates a five minute walk zone which creates a perimeter around each of the housing projects.

The third zone is that which is for residential development. This zone is located around those two zones and is serviced by this core commercial area and the linearly developed community facilities pattern.

1 Commercial Facilities

Presently, there are virtually no commercial facilities within the zone. The closest commercial facility would be on Springfield Avenue, which would be of a marginal nature as well as being decentralized which makes it virtually useless for the residents since it would be too far to walk, the shops too dispersed, and a lack of parking facilities.

Because of the low density and scale of Fuld Court, the commercial zone is projected equidistant from Kayes, Scudder and Wright, and within a five minute walk from the middle of each project (UD II-B.1a). Facilities within the zone are to include those commercial facilities most likely to be used daily, such as a grocery market, drug store and other small convenience shops.

Once the zone is established, commercial development could take place within the general two block area as shown in UD II-B.1b. Once the area becomes developed it is possible that the street dividing the two blocks could be closed to vehicular traffic to provide a more complete pedestrian facility.

The above step establishes a centralized commercial facility which is conveniently located near each of the housing facilities (a 10-minute walk from Fuld Court) which provides the needed facilities which the area now lacks. Through the area's expansion (UD II-B.1b) additional facilities can be added as new residential development occurs.

2. Community Facilities

The community zones are established by projecting a 5-minute walk zone around each of the three public housing sites. These zones designate the preferred location of those facilities which should be within a short walk from the residential areas and which are used frequently (UD II-B.2a).

These community facilities such as child day-care centers, recreational facilities, parks, playgrounds and the like are in greatest need of a closed and convenient location. This is especially true for the very young and the elderly which are the less mobile of the residents.

As illustrated in UD II-A.2 there are some community facilities already existing in this area. Where such facilities already exist within this zone it is anticipated that additional facilities be provided. In almost all cases, those existing facilities are not sufficient to handle the needs of this high density area.

This zone could also be used for some type of small, light industrial facilities which can serve as a means of providing some employment in the area. Such employment generators are practically non-existent within this area.

3. Residential

The residential zone within this 10-minute walk is designated as that area which lies outside this inner commercial and community facilities development (UD II-B.3a). This would allow this new residential area to be served by those same facilities as used by the existing residential and provide for residential expansion.

In addition to this area, it is suggested that residential development continue to take place within those areas in the community facilities zone which will be most compatible

with the above facilities and the existing residential. As shown in the land use map, UD II-A.3, there is a considerable amount of residential near Wright and Scudder Homes.

Besides the location of new residential development, the density and physical scale of such development is important. Although the Newark Housing Authority has proposed a 3 story height limitation on all new public housing development it is suggested that a transition should be investigated from the 12 story residential buildings down to the 3 story building height. One example of such a transition is that which is provided by the 5 story housing complex directly to the east of Stella Wright. Directly to the east of this 5 story project there is another housing complex which is 3 stories in height. Such a scale transition is desirable to lessen the effects of the scale of the high-rise towers and help to bring their scale closer to that of the surrounding community. The suggested location of residential development sites is shown in UD II-B.3b.

E. Implementation

The development illustration in each of the zone development steps can effectively be implemented in successive phases. In the case of commercial facilities, development should begin at its designated core and expand within this two block area as future needs (through residential development) require. The community facilities should start

development at the general vicinity of this commercial core area and expand as was shown in UD II-B.2b. In a similar manner, so should the residential expansion take place (UD II-B.3b).

If we now go back to the existing land use map and community facilities maps in the sections above and overlay the newly established zones shown in UD II-C.1, a more complete picture of how the development in the new zones relate to the existing land use and facilities (UD II-C.3).

Map UD II-C.3 shows the result of expansion of existing land use into the development zones within the ten minutes reference area.

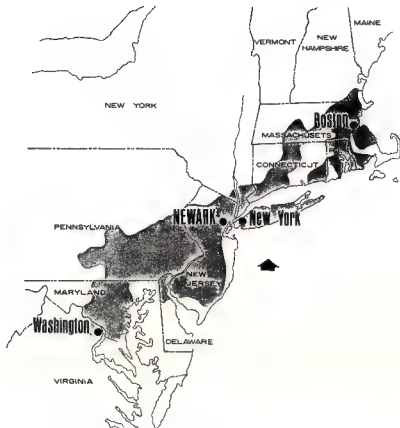
Map UD II-C.4 shows the combined development which can be phased within the area. By centralizing the first phases of expansion, the facilities needed by the existing residents, predominantly within the high density housing projects, can most adequately be met. Once these immediate needs are met, expansion can easily take place to provide for future residents.

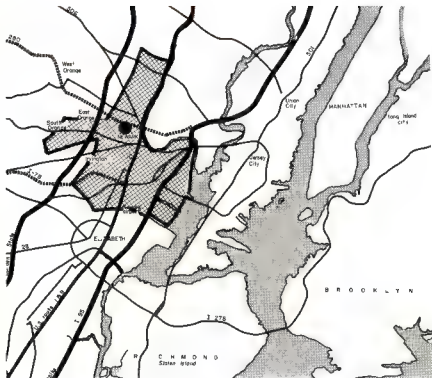
Once development in Area 1 begins to establish itself, it is anticipated that the direction of such growth (UD II-C.5 map) would expand to eventually link with another area of residential and non-residential development. Probably the most likely development linkage in this case would be via Belmont Avenue to Springfield. Such a

"direction" would be expected, owing to the existing commercial concentration on Springfield Avenue. While weak, at present, such existing development would be strengthened by development of a stronger commercial concentration. Another key to the direction is the proposed Rapid Transit Station at the Belmont-Springfield intersection. Should this project be implemented, considerable impetus would be created for stronger non-residential development (see UD II-C.1).

With the development of similar strategies throughout the city, other public housing sites could fulfill residents' service and employment needs within an accessible 5 to 10 minute walking radius from homes. Other options which may be adaptable to other project areas include the linking through development of linear park systems and activity cores.

The above approach, while schematic in nature, does focus on some opportunities and options for development where concentrations of high density housing exist. Where future residential development is planned, similarly, the approach is viable. It allows for thinking not only about the relationship of the project areas to the rest of the city, but focuses on strengthening residential concentrations within and to existing surrounding communities as a basis for more regional approaches.







NEWARK HOUSING STUDY

LAND USE

- ☐ RESIDENTIAL
- ☐ COMMERCIAL
- ☐ PUBLIC
- ☐ URBAN RENEWAL PROJECT AREA

scale



urban des.

sheet

I-51a



NEWARK HOUSING STUDY

COMMUNITY FACILITIES I

- CHURCH
- DAY CARE
- RECREATION CENTER
- POST OFFICE
- ▲ LIBRARY

scale

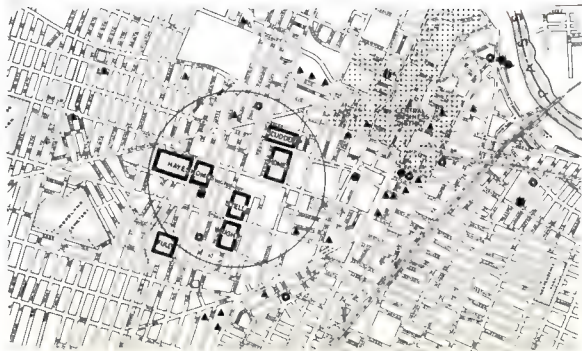


urban des.

1975

sheet

I-B1b



NEWARK HOUSING STUDY

COMMUNITY FACILITIES II

- FIRE STATION
- POLICE STATION
- MEDICAL FACILITY
- ▲ OTHER PUBLIC BUILDINGS

scale

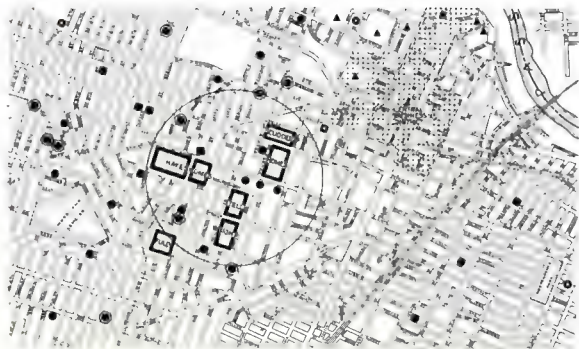


urban des.

1975

sheet

I-B.1c



NEWARK HOUSING STUDY

EDUCATIONAL FACILITIES

- ELEMENTARY SCHOOL
- JR. HIGH SCHOOL
- HIGH SCHOOL
- ▲ COLLEGE
- PROPOSED SCHOOL

scale

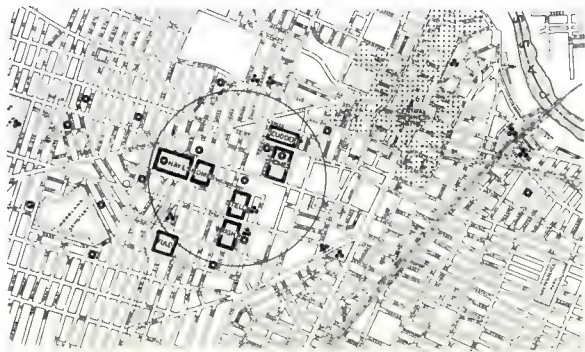


urban des.

1975

sheet

I-B.1d



NEWARK HOUSING STUDY

RECREATIONAL SPACE

- PLAYGROUND
- ▲ PARK

scale

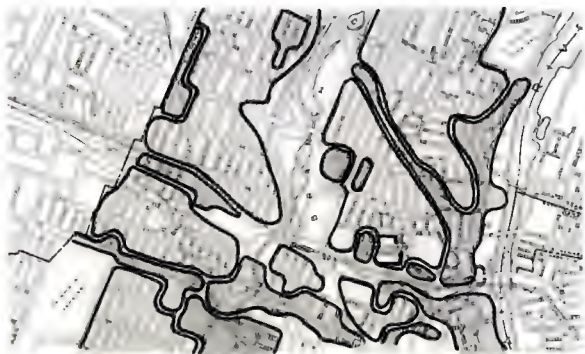


urban des.

1975

sheet

I-B.1e



NEWARK HOUSING STUDY

LAND USE

- ☐ RESIDENTIAL
- ☐ COMMERCIAL
- ☐ INDUSTRIAL
- ☐ PUBLIC
- ☐ OPEN SPACE

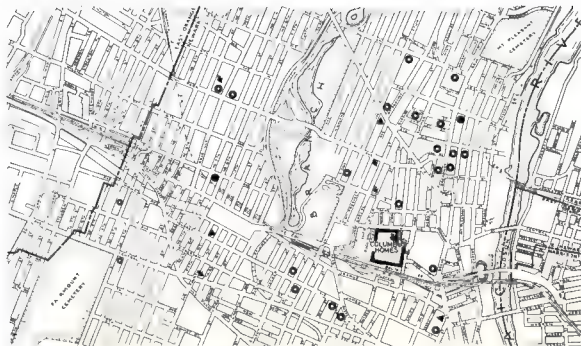
scale



urban des.

urban
sheet

I-32a



NEWARK HOUSING STUDY

COMMUNITY FACILITIES I

- CHURCH
- ▲ DAY CARE
- RECREATION CENTER
- POST OFFICE
- ▲ LIBRARY

scale



urban des.

1975

sheet

I-B.2 b



NEWARK HOUSING STUDY

COMMUNITY FACILITIES II

- FIRE STATION
- POLICE STATION
- MEDICAL FACILITY
- ▲ OTHER PUBLIC BUILDINGS

scale

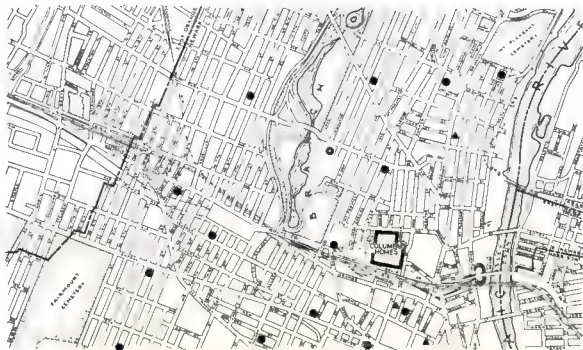


urban des.

1975

sheet

I-B.2c



NEWARK HOUSING STUDY

EDUCATIONAL FACILITIES

- ELEMENTARY SCHOOL
- JR. HIGH SCHOOL
- HIGH SCHOOL
- ▲ COLLEGE
- PROPOSED SCHOOL

scale



urban des.

1975

sheet

I-B.2d



NEWARK HOUSING STUDY

RECREATIONAL SPACE

○ PLAYGROUND
▲ PARK

scale



urban des.

1975

sheet

I-B.2e



NEWARK HOUSING STUDY

LAND USE

- ☐ RESIDENTIAL
- ☒ COMMERCIAL
- ☐ PUBLIC
- ☐ INDUSTRIAL

scale

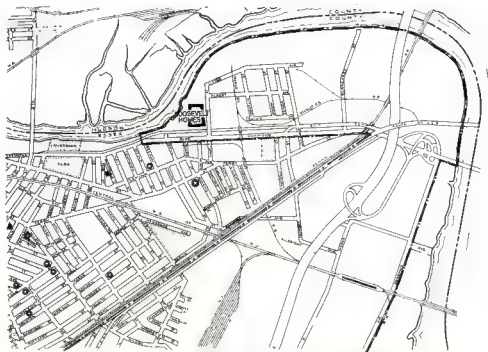


urban des.

1979

sheet

I-B 3a



NEWARK HOUSING STUDY

COMMUNITY FACILITIES I

- CHURCH
- ▲ DAY CARE
- RECREATION CENTER
- POST OFFICE
- ▲ LIBRARY
- URBAN RENOVATION PROJECT AREA

scale

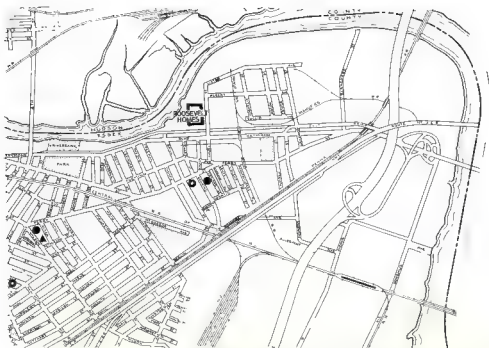


urban des.

1975

sheet

I-B.3b



NEWARK HOUSING STUDY

COMMUNITY FACILITIES II

- ◻ FIRE STATION
- POLICE STATION
- MEDICAL FACILITY
- ▲ OTHER PUBLIC BUILDINGS

scale

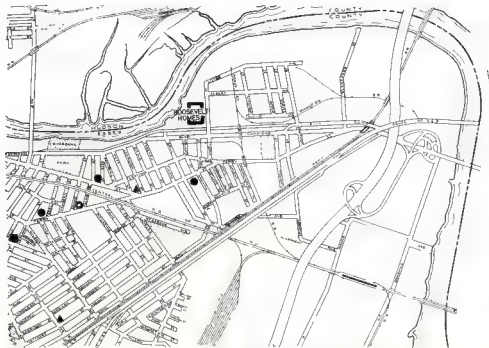


urban des.

1975

sheet

I-B.3c



NEWARK HOUSING STUDY

EDUCATIONAL FACILITIES

- ELEMENTARY SCHOOL
- JR. HIGH SCHOOL
- HIGH SCHOOL
- ▲ COLLEGE
- PROPOSED SCHOOL

scale

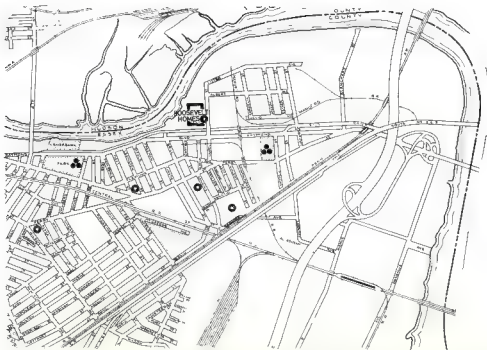


urban des.

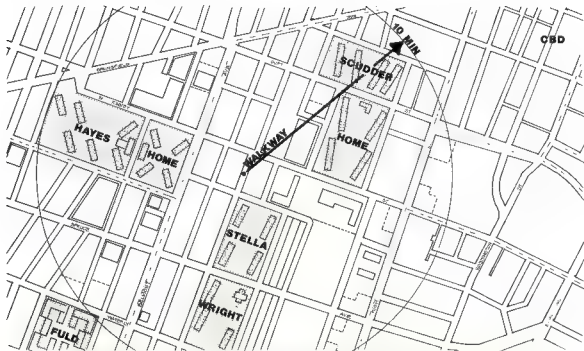
1975

sheet

I-B.3d



NEWARK HOUSING STUDY	RECREATIONAL SPACE	scale	urban des.
	<p>○ PLAYGROUND</p> <p>▲ PARK</p>	<p>1975</p> <p>sheet</p> <p>I-B.3e</p>	



NEWARK HOUSING STUDY

TEN MINUTE WALK AREA

POINTER TO TEN MINUTE WALK AREA

scale



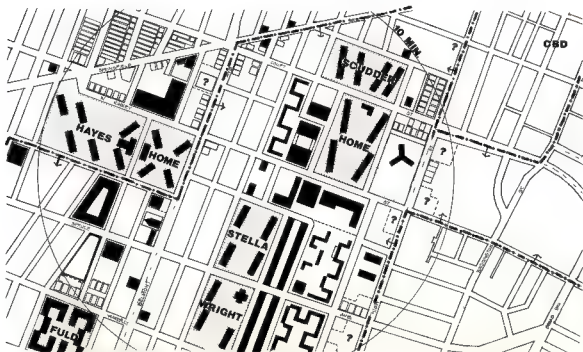
500

urban des.

1975

sheet

II - I



NEWARK HOUSING STUDY

BUILT FORM

BUILDING CONDITION
 ■ GOOD - SAVE
 □ BAD - DESTROY
 ? UNKNOWN

RENEWAL AREA
 OWNED BY NHA

scale

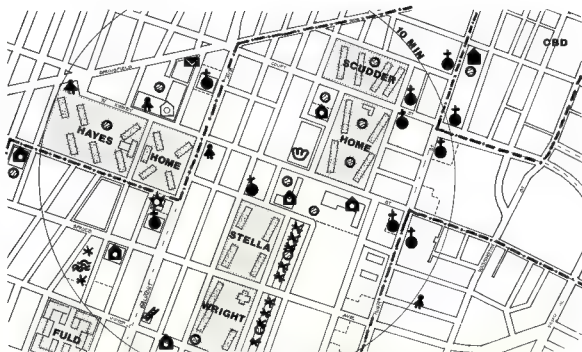


urban des.

1975

sheet

II-A.1



NEWARK HOUSING STUDY

EXISTING FACILITIES

- | | |
|---------------------|---------------------|
| ⛪ CHURCH | ⛪ ELEMENTARY SCHOOL |
| ⛪ DAY CARE | ⛪ JR. HIGH SCHOOL |
| ⛪ RECREATION CENTER | ⛪ HIGH SCHOOL |
| ⛪ POST OFFICE | ⛪ PLAYGROUND |
| ⛪ FIRE STATION | ⛪ POOL |
| ⛪ POLICE STATION | ⛪ PARK |

scale

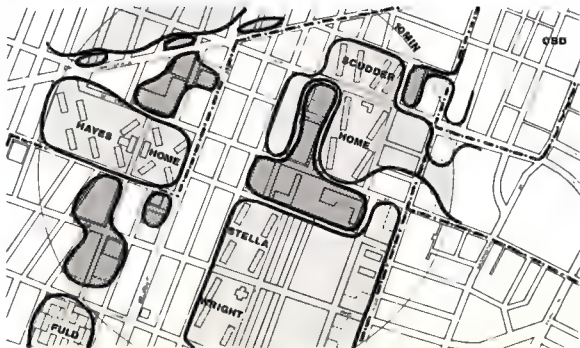


urban des.

1975

sheet

II-A.2



NEWARK HOUSING STUDY

LAND USE

- ☐ RESIDENTIAL
- ☐ COMMERCIAL
- ☐ PUBLIC
- ☐ INDUSTRIAL

scale

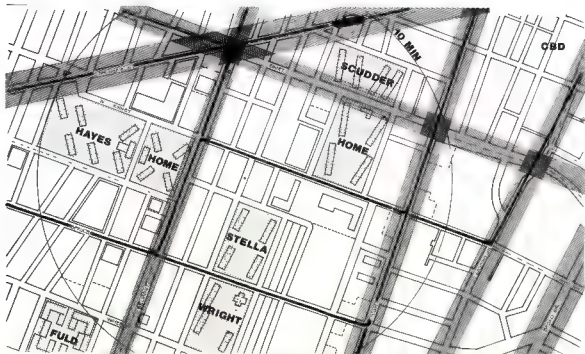


urban des.

1979

sheet

II-A.3



NEWARK HOUSING STUDY

TRANSPORTATION

MAJOR VEHICULAR FLOW

MINOR VEHICULAR FLOW

scale

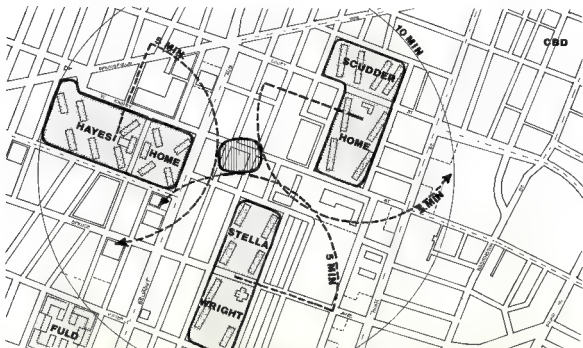


urban des.

1975

sheet

II-A.4



NEWARK HOUSING STUDY

COMMERCIAL ZONE

 ZONE FOR COMMERCIAL PROPOSED DEVELOPMENT

scale

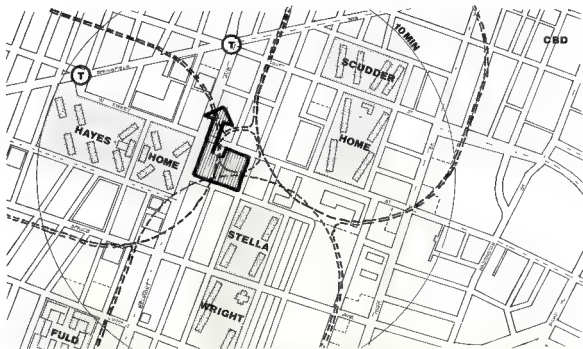


urban des.

1975


sheet

II-B.1a



NEWARK HOUSING STUDY

COMMERCIAL DEVELOPMENT


 LOCATION OF PROPOSED COMMERCIAL
DEVELOPMENT

scale

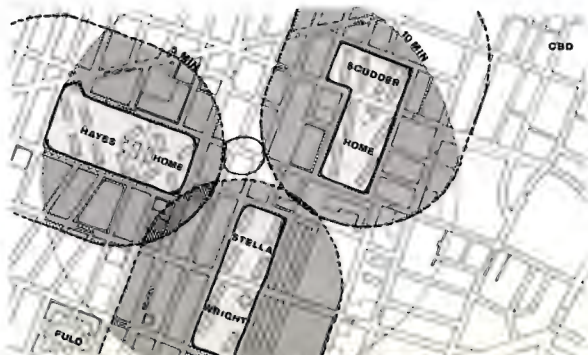


urban des.

1975

sheet

II-B.1b



NEWARK HOUSING STUDY

COMMUNITY FACILITIES ZONE

AREA OF PROPOSED COMMUNITY
FACILITIES DEVELOPMENT

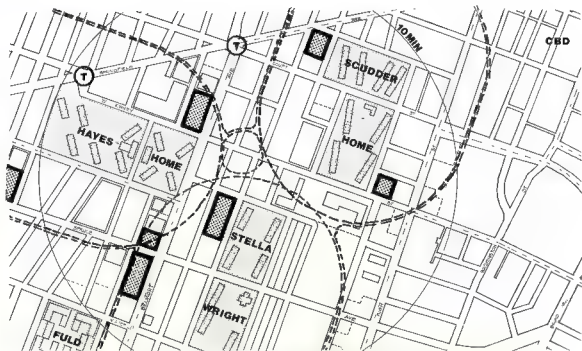
scale

urban des.



with
sheet

II-B.2a



NEWARK HOUSING STUDY

COMMUNITY FACILITIES DEVELOPMENT

 LOCATION OF PROPOSED COMMUNITY
FACILITIES DEVELOPMENT

scale



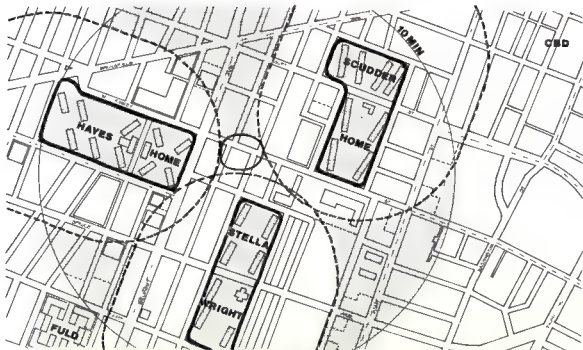
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urban des.

1975


sheet

II-B.2b



NEWARK HOUSING STUDY

RESIDENTIAL ZONE

 ZONE FOR PROPOSED RESIDENTIAL DEVELOPMENT

scale

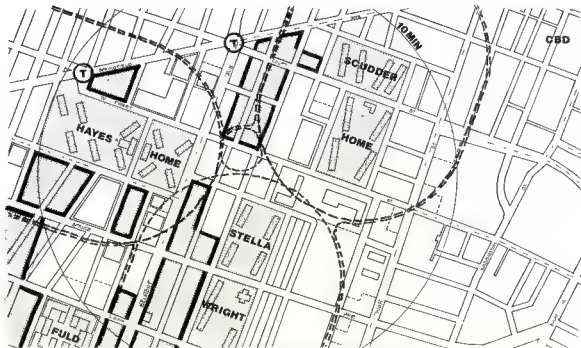


urban des.

1875

sheet

II-B.3a



NEWARK HOUSING STUDY

RESIDENTIAL DEVELOPMENT

LOCATION OF PROPOSED RESIDENTIAL
DEVELOPMENT

scale

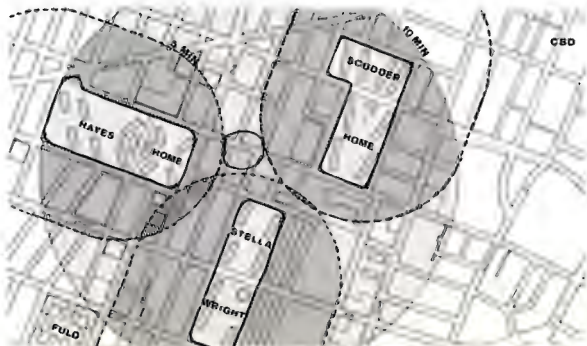
urban des.



1975

sheet

II-B.36



NEWARK HOUSING STUDY

DEVELOPMENT ZONES

- RESIDENTIAL
- COMMERCIAL
- COMMON AREAS

scale

urban des.



sheet



NEWARK HOUSING STUDY

EXISTING FACILITIES + ZONES

EXISTING LAND USE UD-II-A 5
 EXISTING FACILITIES UD-II-A 2
 DEVELOPMENT ZONES UD-II-C 5

scale

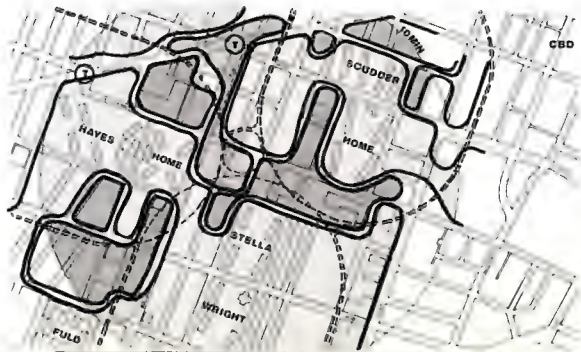


urban des.

100'

sheet

II-C 2



NEWARK HOUSING STUDY

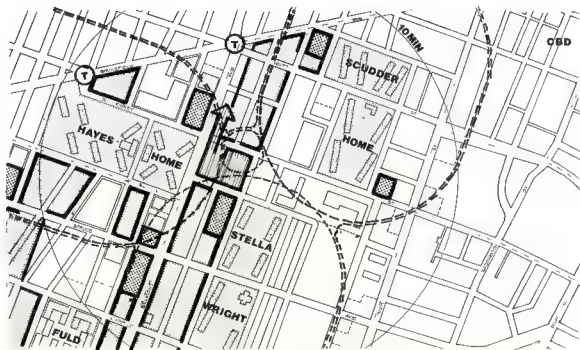
PROPOSED LAND USE

- ☐ RESIDENTIAL
- ☐ COMMERCIAL
- ☐ COMMUNITY FACILITIES

scale urban des.



1/4
sheet
II C 3



NEWARK HOUSING STUDY

PROPOSED DEVELOPMENT

[Pattern] RESIDENTIAL
 [Pattern] COMMERCIAL
 [Pattern] COMMUNITY FACILITIES

scale

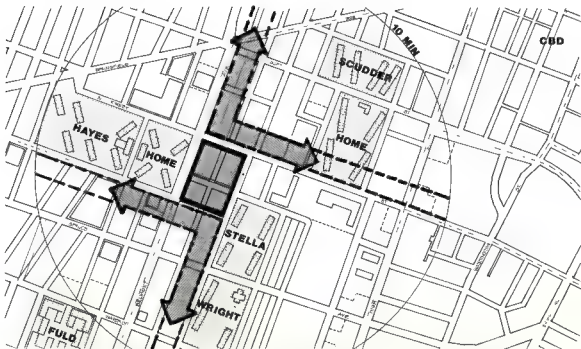


urban des.

1975

sheet

II-C.4



NEWARK HOUSING STUDY

FUTURE EXPANSION



DIRECTION OF EXPANSION
OF DEVELOPMENT

scale



urban des.

1975

sheet

II-C.5



3

FAMILY HOUSING: SERVICE NEEDS AND DESIGN OPTIONS

PART 3

DESIGN MODERNISATION OPTIONS FOR FAMILY HOUSING

COLUMBUS HOMES

This section looks at the options for modernization and redesign of public housing in Newark, for family and elderly rental units. It looks in particular at the case of Columbus Homes, a high density project, comprised of eight 12 storey buildings. The study focuses on generating design improvements, through minimal changes and is conceptual. While specifically addressed to Columbus, it is possible that many of the solutions as well as the general approach, will be appropriate for Newark's other high density projects.

A. Problems and Objectives of the Design Study

Columbus is a high density project located on the edge of the North Ward in Newark. The site area is bounded on the south by a large infrastructure of rail and highway facilities, on the east and west by Colonnade apartment complex, a middle income project, and on the North by Street. The site area comprises 14.60 acres of land, and 8 12 storey elevator buildings. The site area itself contains some recreation facilities, parking and circulation. There are large underutilized spaces between the buildings, however, which are cheerless and forbidding. The project contains 1,550 units of housing, and there are no new community spaces in the residential buildings. Community

space is contained in a separate building on the site which also has management and administrative offices as well as the main service plant for the residential buildings. The buildings were opened in 1964 and subsequently underwent a rent strike of tenants. The strike has been recently settled and the Newark Housing Authority plans maintenance and modernization investments under various federal programs.

The buildings, despite the rent strike and vandalism, are entirely structurally sound. There are minor problems with site drainage and an inspection visit showed sewage pipe backup on ground floor apartments. These defects should be corrected as quickly as possible, as they present health hazards to young children.

The primary problems with the current buildings in broader design terms can be reduced to the following broad groupings:

1) Excessively high densities

Site densities are high, relative to the amount of interior and exterior site area. There is little 'control' and the scale of the buildings is oppressive. Effects of densities are reflected in problems with social control (particularly over children) and in extremes of wear and tear over limited access and egress facilities. Security is also a problem with the high number of units per lobby/entrance.

2) Excessively small interior space per unit

The interior apartments are below contemporary FHA standards, circulation is very poor, storage facilities inadequate and bedrooms, kitchens, and baths underized. Ceilings are also low

(clearances of 7.5) creating an oppressive feeling. There is limited room for additional kitchen equipment such as laundry facilities; little privacy for quiet activities for family groupings

3) Absence of Control over Access and Egress: Under sized Lobby Areas

Lobby space, access and egress areas are undersized, leaving inadequate space for waiting or for security guards, doormen, etc.

4) Absence of Common Space

Common space is consolidated in the administration unit; there are no common community meeting rooms, or rooms for flexible play; no service space at easy access. Hours in administration unit prohibit reasonable use for family and after school youth activities.

5) Exterior Space Deficient

Exterior landscaping, recreation and parking are poorly organized and undersized.

B. Approach and Options

The design options explored have attempted to take each of the problems separately, and evaluate a variety of solution options as components of a whole. The general approach was to focus strongly on developing as high priorities, superior interior space, expanding common space and facilities and reducing 'underutilized' and 'problem' spaces. After site visits and studies undertaken during one week in Newark, a thorough inspection of the buildings and individual units and extensive conversations with tenants and on site management, the following approaches were incorporated into design options.

1) Interior Unit Treatment

The basic objectives to increase the overall useable space in interior units was achieved primarily through a combination of removal of existing partition walls, conversion where possible to duplexes and through the combining of apartments. Overall, approximately 20% additional space was added to existing units.

One important possibility for the increase in the amount of space was afforded by the reduction of interior hallways. A common consensus on the site from tenants and managers, largely confirmed the view of housing experts that building security and maintenance tends to increase proportionately with the numbers of doors on a corridor area. Thus by reducing corridor space, interior units were expanded and security and maintenance problems reduced.

2) Public Spaces: Circulation, Lobbies, Entrance and Egress

The core of the design treatment revolves around the elimination of corridors at each floor level, and the conversion of current stairwells and elevators to a 'reduced' use. At every two floors, elevators and stairways exit into an expanded small lobby area, which opens on a maximum of four units. This reduces the total per floor-apartment use, provides additional waiting space and eliminates the opportunities for security problems. Access to flats on alternative floors is achieved by stairways which exit only.

The apartment floor lobby-waiting areas are also cut open the exterior; since these are two storeys high, and further since exposures will increase penetration of sun and heat, the open cut (slightly larger than the current casement windows) will increase ventilation and provide possibilities for child play areas on apartment floors.

3) Common Facilities

There is currently an absence of common facilities in the buildings in Columbus. The first two floors are devoted to a variety of common rooms, including flexible meeting rooms, indoor recreation activity spaces, social facilities, laundry facilities and possibly some commercial facilities.

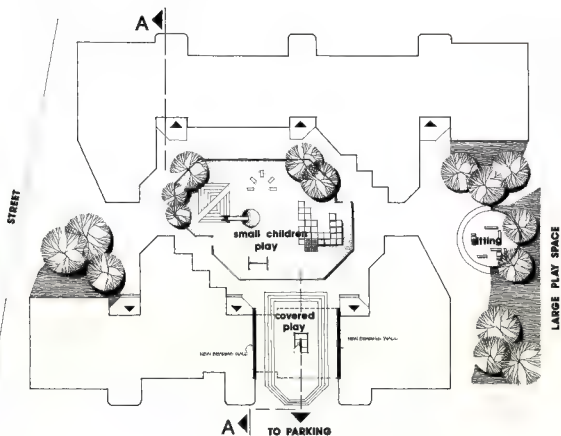
4) Exterior-Site Area Treatment

Ideally, it would be highly desirable to expand the site area to gain additional space for accommodating play-fields, other recreation and parking for visitors, etc. The proposed site organization restricts parking to the edge of the site, recovering some central area for circulation and tenant activities. The area between buildings is devoted to a combination of play areas for small children, adult sitting areas and some ornamental landscaping. One passive, but productive activity received increased attention which might be tried in this area, is small vegetable gardening. Other parts of the site will comprise circulation and active play areas for older children.

A hand-drawn map of the 'COLONADE AREA'. The map is an irregular shape with a large rectangular section on the left and a smaller rectangular section on the right. The top of the map is labeled 'COLONADE AREA' with three downward-pointing triangles below it. The left side of the map is labeled 'BREESE' with three downward-pointing triangles below it. The right side of the map is labeled 'HICKS' with three downward-pointing triangles below it. The bottom of the map is labeled 'COLONADE AREA' with three upward-pointing triangles above it. The map is surrounded by a thick black border. On the left side of the border, there is a vertical line with the text 'I-800' written vertically. On the right side of the border, there is a vertical line with the text 'HICKS' written vertically. On the bottom side of the border, there is a vertical line with the text 'TO GARDEN' written vertically. On the top side of the border, there is a vertical line with the text 'HICKS' written vertically. There are several small circles and triangles scattered around the map, some of which are labeled with numbers or letters.

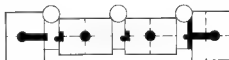
[illegible]**PROPOSED SITE**

PARTIAL SITE



BUILDING CONCEPT

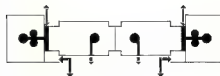
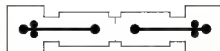
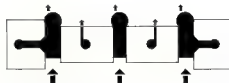
2
TYPICAL
FLOOR



1
TYPICAL
FLOOR



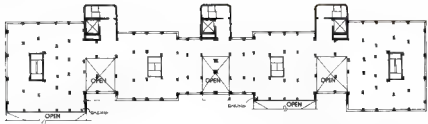
ENTRY
FLOOR



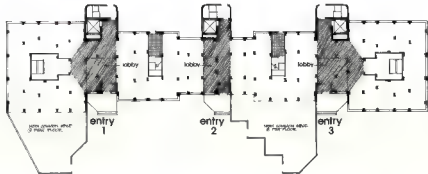
EXISTING

PROPOSED

COMMON SPACE

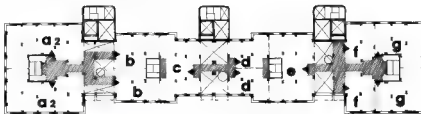


MEZZANINE FLOOR

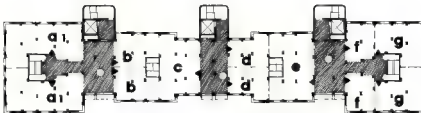


FIRST FLOOR

APARTMENT FLOORS



TYPICAL SECOND LEVEL



TYPICAL FIRST LEVEL

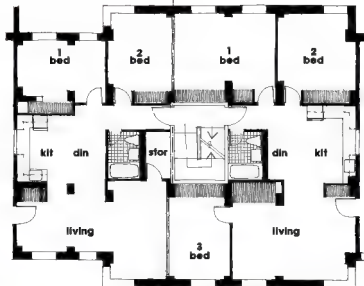
PLAN

2 BEDROOM

c



10/11/12



3 BEDROOM

e



12/13/14

EFFICIENCY

d



15/16/17



1 BEDROOM

b

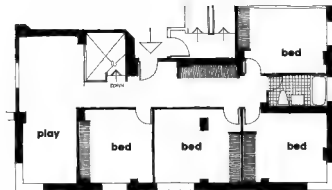


18/19/20

PLAN

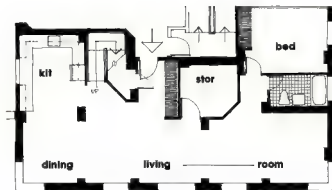
a₂

5 BEDROOM
2nd FLOOR

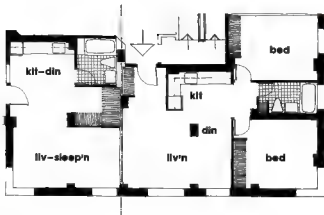


a₁

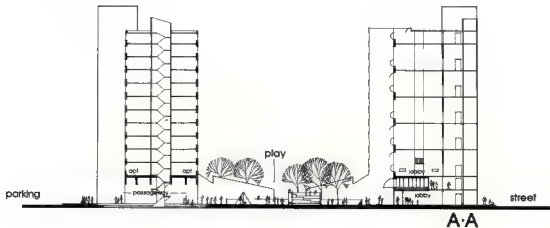
5 BEDROOM
1st FLOOR



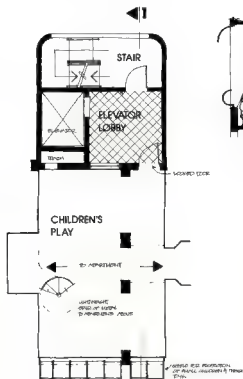
PLAN



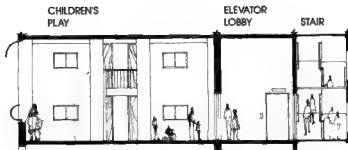
SECTION



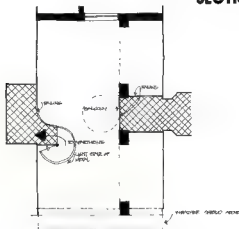
FLOOR ENTRY



TYPICAL FIRST LEVEL

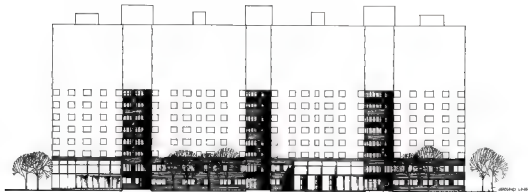


SECTION 1-1



TYPICAL SECOND LEVEL

ELEVATIONS



TYP. FRONT ELEV.



TYP. FRONT ELEV.
WITH OPENING

Social service delivery may be said to be effective when it provides necessary support mechanisms that contribute to the sustenance and growth of the population which it serves. Necessity has required low-income families to rely heavily on free institutional services to provide assistance that their non-poor counterparts have been able to purchase from a variety of public and private sources. Lack of income to purchase services has limited the service choices of the poor to those programs designated to provide life-support services to them. Although there has been some effort to expand the ability of the poor to choose service providers (i.e. food stamp, medicare, housing allowances programs), the nature and scope of services offered is still defined and controlled by the institutions which administer them.

Unfortunately, the scope of services which institutions are able to provide has depended to a large extent on factors that are exogenous to the fundamental assessment of needs of that population. Planners frequently weigh fiscal constraints, institutional policies, employee skills levels, management capabilities of the service institution more heavily than the needs of the target population. Such

pragmatism is understandable but counterproductive to the development of an effective delivery system.

The norm of the delivery process - a statement of minimum standards of delivery for the client being served - is, in many instances, developed without the input of the client. This situation creates an additional obstacle to insuring that the delivery process meets the needs of the client.

Finally, the coordination of the delivery process to the client population becomes increasingly difficult as the number of providers of services increases. Social services to the residents of the four target project populations (Scudder, Wright, Roosevelt and Columbus), are provided by a variety of sources. Providers include Essex County, the City of Newark, the Newark Housing Authority, Community Services Administration (formerly CBO), private organizations, community groups and finally the tenants themselves. Each provider has established its own service area, its standard of provision, funding levels, policies, goals and objectives for service delivery.

Given the multiplicity of factors that contribute to the process of social service delivery to the low-income resident of the target populations, this report will focus on the basic question of the match-up between the social service needs of the families that live in the 4 project area and the present composition of the social service delivery system that must service these needs.

The first portion of this report will perform an assessment of needs based on a detailed statistical examination of the socio-economic characteristics of the target population. This examination will yield some important implications for the delivery process. These implications will be presented within the context of the population segment under discussion.

The second portion of the report will perform a detailed inventory of existing social service programs available to the families of the target population. This segment will examine the nature of the services, the providers of the service, the location of the service and the population that is being served.

The final portion of the report will summarize the findings of the report and project service needs and recommendations based on the findings.

General Population Totals

Table 1 presents a statistical summary of tenant socio-economic characteristics. The data has been extracted from the 1974 Resident Statistics report developed by the Newark Housing Authority.

The four-project target population totals 12,870 residents. Scudder Homes contains the largest population of 5,381 while Roosevelt's population of 818 is the lowest of

TABLE 1

SUMMARY OF FOUR-PROJECT TENANT CHARACTERISTICS

	WRIGHT		COLUMBUS		ROOSEVELT		SCUDDER		TOTALS	
	#	%	#	%	#	%	#	%	#	%
TOTAL PERSONS	2,342		4,329		818		5,381		12,820	
TOTAL MALES	1012	43%	1844	43%	348	43%	2,284	44%	5,488	43%
TOTAL FEMALES	1,330	57%	2,485	57%	470	57%	3,097	56%	7,382	57%
TOTAL BLACKS	2,320	99%	2,611	60%	616	75%	5,103	95%	10,668	83%
TOTAL SPANISH	1		2,571	36%	180	22%	259	5%	2,011	16%
TOTAL WHITES	3		147	4%	22	3%	19		191	1%
TOTAL FAMILIES	503		1,090		264		1471		3,328	
TOTAL BLACK FAMILIES	501		660		210		1412		2,783	84%
TOTAL SPANISH FAMILIES	1		356		43		48		448	13%
TOTAL WHITE FAMILIES	1		74		11		11		97	3%
TOTAL ELDERLY FAMILIES	41		147	14%	87	33%	427		702	21%
TOTAL FEMALE-HEAD FAMILIES	292		692		86	33%	632		1792	51%
TOTAL TWO-PARENT FAMILIES	157		216		85		345		803	24%
TOTAL FAMILIES WITH A HANDICAPPED	27		62		42		222		353	11%
AV. INCOME - ELDERLY FAMILY	\$2,525		\$2,556		\$2,842		\$2385		\$2,594	
AV. INCOME-NON-ELDERLY FAMILY	\$5,116		\$4,189		\$6,159		\$5,061		\$5,131	
TOTAL WIDOWS (under 21yrs)	1606	69%	2928	68%	445	54%	3,397	63%	8374	65%
TOTAL FAMILIES ON PORE ASSIS.	294	58%	692	64%	100	38%	715	48%	1801	54%

SUMMARY OF FOUR-PROJECT TENANT CHARACTERISTICS (continued)

	WRIGHT	COLUMBUS	ROOSEVELT	SCUDDER	TOTALS	
AGE DISTRIBUTION - 0-4	286	542	76	516	1420	17%
" " 5-13	759	1,603	215	1,727	4304	51%
" " 14-20	573	778	150	1128	2629	
" " 21-60	688	1246	334	1554	3822	
AVERAGE FAMILY SIZE NON ELDERLY	4.5	4.3	4.0	4.6	4.4	
% OF FAMILIES LIVING IN PUBLIC HOUSING 5-19 YEARS	68%	52%	67%	69%	64%	

the four projects. Within this combined population, there is a total of 3,328 families.¹ The average size of the target-area family is 4.4 persons. Of this total, 2,783 or 84% of the families are black, 702 or 21% are Spanish and 97 or 3% are white. Elderly families constitute 21% of the total families in the four projects.

The target population contains 8,374 minors.² Minors constitute 65% of the total population of the four projects. Fifty-four percent of the families living in the target area are on welfare, and the average income of the non-elderly family is \$5,131. Sixty-five percent of the target population have resided in public housing between 5-19 years.

The general profile of target area residents reveals a population that is poverty-ridden, predominantly black and Spanish, with substantial numbers of young people whose families have been unable to break the poverty cycle and who have thus become long time residents of public housing. There was no available information to indicate educational attainment levels or unemployment rates for the project areas. However, the unemployment rate for the Newark area was 15% in 1974 while the educational attainment for the city's residents was several grades below the national average. Thus it can be projected that the unemployment rate for the target area is equal to, if not higher than, the city average. It can also be projected that educational attainment for the project area residents is equal to or below that of the city's average.

Potential Service Needs of the Adult Population

Of the total target population, 5,488 or 43% are males and 7,362 or 57% are female. While the overall ratio of male to female was remarkably consistent within each of the four projects and seemed to indicate a relatively normal distribution of both sexes among the population, an analysis of the sex composition by age group indicated a significant discrepancy in the male-female adult population between the ages of 21-59. Tables 2 through 5 graphically represent the age distribution by sex of each housing project's population. The findings reveal that in Columbus Homes, the female population between the ages of 30-59 outnumbered the male population by a margin of 3 to 1. Similarly, within the age group of 21-29, females outnumber males by a 4 to 1 margin. In Scudder Homes, within the age group 21-29, females outnumber males by a 3 to 1 margin while within the 21-29 age group the margin narrows to slightly higher than 2 to 1. Roosevelt Homes had the smallest proportionate difference between the male and female populations, with females constituting 61% of the population between the ages of 21-29, and 68% of the 30-59 population.

The presence in the target population of an overwhelming proportion of adult females has some significant implications for delivery of services. It is important to note that over 50% of the families living in the target projects

TABLE 2
AGE DISTRIBUTION BY SEX
STELLA WRIGHT

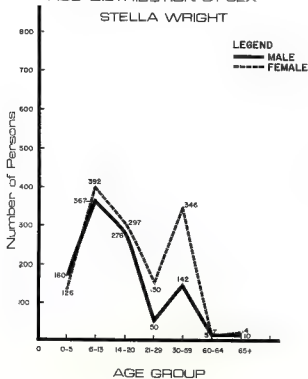


TABLE 3
AGE DISTRIBUTION BY SEX
COLUMBUS

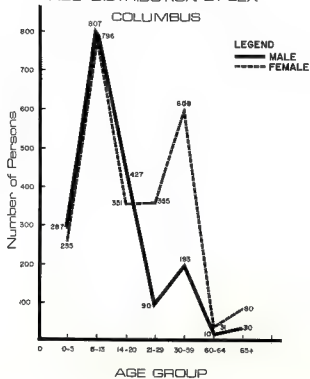


TABLE 4
AGE DISTRIBUTION BY SEX
ROOSEVELT

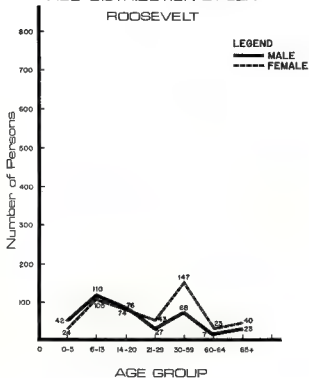
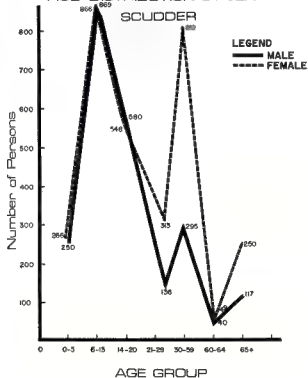


TABLE 5
AGE DISTRIBUTION BY SEX
SCUDDER



are headed by a woman. This situation brings about a number of social problems which must be recognized, understood, and responded to by deliverers of social services. One of the major problems for the woman who functions as the head of the household is that of role overload. As the sole adult figure, she must function as mother, father, teacher and provider for her children. If she seeks to establish relationships with men, she must add the functions of companion and lover. The multiplicity of role functions for the woman increases the probability that role conflict may develop, with the resultant shifting of emphasis from one series of role functions to the exclusion of others. The impact of shifting roles on both the woman and her family is one of the major problem areas to consider when assessing social service needs for the female adult population. When role conflict potential is coupled with the traditional problems of racial and sexual discrimination in educational and job opportunities, career advancement, salary bias, etc. there develops a pattern of need for social services to offset the problems of this population.

Social service delivery to the woman head of household should address her problems of child care, employment, family management, recreation and educational development. Child care problems might be addressed by providing adequate day-care facilities that would tend her young children

on an all-day basis so that she might seek employment. Short-term child-care assistance might be provided by a drop-in center where temporary baby-sitting services are offered so that the parent may attend to shopping, or other matters that would require travel outside of the home.

Employment needs might be addressed by providing skills, counseling and manpower development training so that she can be equipped with marketable job skills. Additional assistance must be provided to put the woman in touch with job opportunities in the community. An employment service designed to meet the needs of the low-income minority community would be a helpful addition to the target area.

Family management service needs can be addressed by the establishment of homemaking services, consumer affairs assistance and child-rearing training and techniques development, family planning and health care counseling and assistance.

Educational needs may be met by establishing adult education services within the target area. These services may provide basic education skills, high school equivalency diploma courses, tutorials and library and study facilities.

Recreational needs for the woman might include single parent clubs, outings and trips and organized social affairs conducted within the project.

Men between the ages of 21 and 59 constitute 27% of the population for that age group. While proportionately the

male resident population is significantly outdistanced by the female, this factor does not diminish the service needs of this population. He and the woman share employment, education and family management needs. The man and woman may be in need of special problems assistance in the areas of alcoholism and drug abuse. In addition to the recreation needs and services outlined earlier, the man might particularly enjoy participation in team sports, either as players, coaches or organizers of youth activities.

Amenities that can address many of the needs of the adult population might include: laundry facilities, beauty parlors, sewing rooms, exercise gyms and classes, automotive and carpentry workshops, barber shops, convenience stores. With the price of food steadily increasing, there might be some benefit from organizing a public vegetable garden program, utilizing NHA vacant land adjacent to or within walking distance from the projects. The amenities listed above require minimal capital investment and can be run by tenants themselves.

Finally, there exists within the three larger target projects, a need to service the needs of the multi-problem family. This segment of the population is in need of extensive diagnostic, counseling, referral and follow-up services that the present welfare system is simply not providing. It is proposed that the NHA immediately seek to

establish a Multi-Problem Family Services Unit, to be located within each of the three projects to provide continuous oversight and assistance to these families.

Potential Service Needs of the Youth Population

As mentioned earlier in this report, youth constitute 65% of the total population of the target area. Of the total youth population 17% are between the ages of 0-4; 51% are between the ages of 5-13, and 13% are between the ages of 14-20. The sex composition of the youth population is divided almost equally between males and females, with males constituting 51% of the total youth population, females 49%. Within the total 4-project area, there are 87 more males than females under the age of 20.

Social service delivery to the youth population of the target area can be developed to meet two objectives. The first objective is to provide youth with recreation activities that will engage them in mental and physical play situations.

The recreation component of the delivery system must provide activities that can be carried on both indoors and outdoors, in structured and unstructured, supervised and unsupervised play situations. The program must be designed to reflect the needs of various age groups and provide separate and uncompetitive play situations where age distinction

is recognized and respected. Play spaces should be devised for various age groups. Play areas for the young child should be located close to the home, and within reasonable sight and shouting distance to parents. Equipment should be of the traditional type -- swings, see-saws, climbing equipment and sand. Equipment should be durable and devoid of sharp edges and rust-prone fixtures.

Play areas for the older children and teens should be geared toward team activities -- baseball, basketball, tennis, drills, bands and located reasonable enough distances away from the play areas of younger children to avoid invasion of turf.

It is important that the team sports and activities become a community effort involving parents, recreation workers, coaches and other teens. Organized team efforts such as those found at Souther Home's Bank Aaron field are successful because there is a developed interest in producing a quality program of which the total community can be proud.

Indoor play activity for youth should similarly reflect a total community interest. As with outdoor play, maturation levels reflected by age should be respected and activities developed to suit a variety of age groups.

The total recreation program should be developed to reflect the interests and involve the participation of all age levels. Attention should be given to design play activities for both sexes. Within the target population,

there is nearly an equal number of girls and boys, yet the degree of development of existing recreational activity for the two sexes is significantly different. Play facilities for the very young children can, of course, be shared by both sexes. Similarly, during the teen years, there is a need to develop structured activities where girls and boys can interact with each other. But during the middle years, there will need to be designed recreational programs for each sex.

The second objective for services to the youth population is to provide them with educational activities that will support existing school activities plus supplement these activities with learning situations that increase exposure to themselves, their total community environment and to community educational-support facilities.

The educational support activities must be designed to supplement formal education processes. Indoor study rooms, a community library, tutorial programs, after-school study sessions are but a few of the programs that could be effectively instituted to augment the formal education process. In addition, however, there should be a program of educational experiences developed to expose youth in the target population to their surrounding community, its institutions and facilities. This program could coordinate excursions to museums, parks, plays, historical tours and other forms of enrichment experiences that will broaden the exposure of the youth to the world around him.

Finally, there needs to be a program developed to enhance the socialization process and personal development of the youth population. These programs must be geared toward facilitating the development of awareness of the youth in themselves, their culture and their community. This kind of program may be labeled black or spanish history, black or spanish cultural unions, etc. The purpose however is to develop a confidence, pride and respect in themselves and their people.

Finally, special youth problems in areas such as drug abuse, alcoholism, birth control, employment and personal care should be recognized and addressed by programs that seek active involvement of youth in the planning and operation of facilities.

Inventory of Services in Target Projects

The Newark Housing Authority has provided space within each of the four projects for community services purposes. The community space within the four projects is utilized by programs operated by the Newark Housing Authority, community groups, federally-funded agencies, private enterprise, church groups and tenant organizations. Access to the programs operated in the facilities is, in some cases, limited to residents of the project. However, most programs are available to the community at large.

In order to obtain a detailed picture of community space usage, we undertook an inventory of the uses found in each of the four projects. The results of the inventory are presented in Tables 6 through 9 of this report. We examined use of space by category of use and approximated square footage of each facility. Each table is accompanied by a project site plan which displays the location of each use within the project.

Use Inventory by Square Footage

Of the four project areas, Scudder Homes contained the largest number of programs. Community space in Scudder was used for multi-purpose activities, social services, recreation and a laundry facility. Square footage devoted to community usage totalled 210,100. There were 15 different community space activity areas located in Scudder Homes. Recreation space totalled 17,300 square feet. Educational uses occupied 9,900 square feet; social services

TABLE 6

SCUDDER HOMES
COMMUNITY SPACE USES

<u>USE CODE</u>	<u>USE</u>	<u>LOCATION</u>	<u>SQUARE FOOTAGE</u>
A	Auditorium	Office	4,500
B	Multi purpose	Office	800
C	Friendly-Paid N'hood Center	2nd fl. Office	5,400
D	Drug Abuse Center	Bldg. 2	3,000
E	Basketball Courts	Outside	100,000
F	Play Area	Outside	68,000
G.	Headstart	Bldg. 5	3,000
H.	Babyland	Bldg. 8	1,500
I	Senior Citizens Health Center	Bldg. 6	1,500
J	Laundry Room	Bldg. 3	2,000
K	Senior Citizens Center	Bldg. 6	800
L	Senior Citizens Center	Bldg. 8	800
M	Tot Lot	outside	1500
N	Tot Lot	outside	400
O	Tot Lot	Outside	400
P	Hank Aaron Field	Outside	15,000
Total			210,100
			Outside area 185,300
			Inside area 24,800

19 STREET NUMBERS

A-J - USE CODE

(10) BLDG. NUMBER

①=Denotes No. Of Stories

HOUSING AUTHORITY OF THE CITY OF NEWARK

57 SUDDER AVENUE
EDWARD W. SCUDDER HOMES
165 COURT STREET

PROJECT N. 2-9 STREET ADDRESSES

HOWARD ST

WEST KINNEY CO.

ST. COLUMB

WEEHCE R ST

LINCOLN ST

MAP A

NEWARK

Community Facilities






-  Health Care Center
-  Supervised Recreation
-  Day Care Facilities
-  Dept Public Welfare
-  Dept Public Health

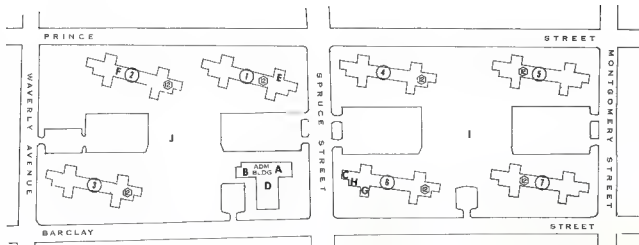


TABLE 7

STELLA WRIGHT HOMES

COMMUNITY SPACE USES

<u>USE CODE</u>	<u>USE</u>	<u>LOCATION</u>	<u>SQUARE FOOTAGE*</u>
A	Girl's Club	Adm. Bldg	6,000
B	4 offices	" "	3,200
C	pre-school	" "	3,200
D	Baby Keep Well	Adm. Bmnt.	2,400
E	Tenant Assn Office	Bldg. 1	800
F	Christian Center	" 2	3,200
G	Security Office	Bldg. 6	400
H	Family Services	Bldg. 6	800
I	Open Space	Outside	30,000
J	Open Space	Outside	17,000
Total			66,200
Outside Area			47,000
Inside Area			19,200



160 STREET NUMBER

A--J= USE CODE

⑨ BLDG NUMBER

②=DENOTES NOOISTORIES

HOUSING AUTHORITY OF THE CITY OF NEWARK
57 SUSSEX AVENUE

STELLA WINDSOR WRIGHT HOMES
159 SPRUCE STREET
PROJECT NJ 215
STREET ADDRESSES

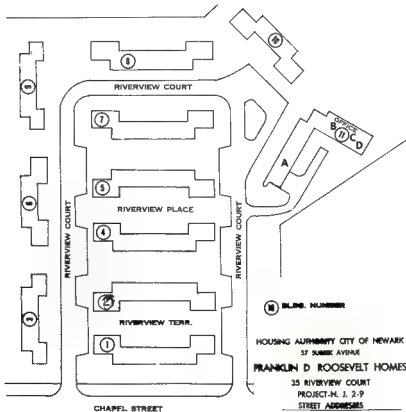
TABLE B
COLUMBUS HOMES
COMMUNITY SPACE USES

<u>USE CODE</u>	<u>USE</u>	<u>LOCATION</u>	<u>SQUARE FOOTAGE</u>
A	gymsorium	Adm. Bldg	3,200
B	pre-school	adm bldg.	2,400
C	pre-school	adm. bldg.	2,400
D	Parent-Child Center	Adm. Bldg.	2,000
E	Tenant Assn. Office	Adm. Bldg.	800
F	Boy Scout Facility	Adm Bldg.	800
G & H	open space	outside	128,000
Total			139,000
Outside area			128,000
Inside area			11,600

TABLE 9

ROOSEVELT HOMES
COMMUNITY SPACE USES

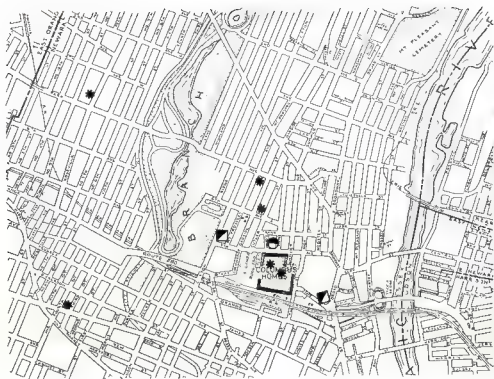
<u>USE CODE</u>	<u>USE</u>	<u>LOCATION</u>	<u>SQUARE FOOTAGE</u>
A	gymnasium	admin. bldg	3,200
B	pre-school	" "	2,400
C	Elderly Service Center	" "	800
D.	Tenant Assn. Office	" "	800
		Total	7,200

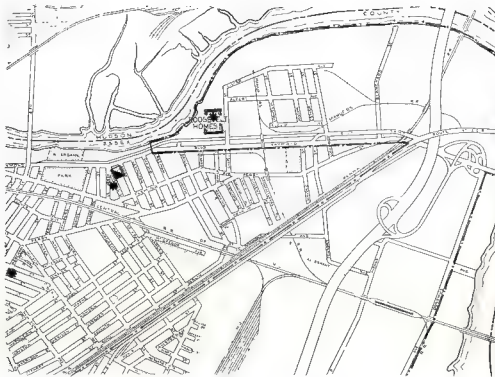


NEWARK

Community Facilities

-  Health Care Center
-  Supervised Recreation
-  Day Care Facilities





MAP C

NEWARK

Community Facilities

- Health Care Center
- ▣ Supervised Recreation
- Day Care Facilities

7,600 square feet, multi-purpose uses -- 5,300 square feet, and amenities 2,000 square feet. The largest available community spaces were the two black-top open areas that covered a total of 168,000 square feet.

Wright Homes provided a total of 66,200 sq. ft. for community activities. Categories of use included: multi-purpose programs -- 10,000 sq. ft.; education activities, 8,000 sq. ft.; social service activities, 1,200 sq. ft., and open space -- 47,000 sq. ft.

Columbus Homes had a total of 130,000 sq. ft. available for community services. The largest amount of space (128,000) was contained within the two large black top areas between the building sites. Educational space totaled 6,800 sq. ft. and multi-purpose room space 4,800 sq. ft.

Roosevelt Homes assigned 7,200 sq. ft. for community uses. Multi-purpose space totaled 4,000 sq. ft. while 800 sq. ft. was devoted to social service programs, and 2,400 sq. ft. to educational programs.

Deficient Areas of Service Delivery

The inventory of social service programs provided for the target population indicates that there are many areas where serious delivery gaps are evident in the scope of services provided.

Family Services

There are no city or county family or child assistance programs operated in any facilities of the Newark Housing

Authority. There is no decentralized office for AFDC or general relief programs within the city of Newark. All public assistance recipients must travel to the central business district office locations to obtain assistance. The distance to the central offices of general relief, AFDC and SSI programs is not within walking distance of any of the four projects under study. Public transportation between the central service offices and the target projects is sporadic and inefficient. Welfare recipients in the project often have difficulty in maintaining communications with their caseworkers. One result of this situation is the inability of the recipient to obtain adequate intake and referral services from the agency. Consequently much of the intake and referral work that should be performed by the city and county is being shouldered by the caseworkers assigned to the housing authority's casework and Referral Project. Mr. Butler, Director of Family Services program at the authority estimated that this unit receives between 104-110 new cases each month which they must service in addition to the regular caseload from previous months.

Manpower Programs

There is no facility in any of the target projects to provide either job counseling, manpower training or employment services. There is an obvious need within the target population for the provision of these services. The Department of Employment Security is not within walking

distance of the target projects. The transportation problem to D.E.S. is similar to that of the Welfare office problem.

Education Services

The education facilities found in the 4-project area are devoted exclusively to the needs of children below the age of five. Of these services, 5 of the 8 day care facilities located in the project facilities are Headstart centers. Since the Headstart program only provides one-half-day instruction, there is some question as to whether or not the program is useful to working parents who require an all-day facility for their children. The day-care centers located in the target areas provide space for approximately 120 children. Since there are 1420 children in the four-project area, it is evident that the present day-care capacity in the target projects is insufficient. There are a number of day-care facilities located outside of the project area (see maps A, B, and C). There was no available information to determine the number of target area residents utilizing these facilities.

There is no community facility devoted to the educational needs of school age children or adults. There was no study area or library facility available to residents within the project facilities.

Health Care

The only health care facilities located within the 4-project areas were designed to serve the needs of the

very young (Baby Keep Well -- Wright), or the elderly (Senior Citizens Health Clinic -- Scudder). There are no in-residence health care facilities for children or non-elderly adults. There are, however, two health care facilities located within walking distance of Columbus Homes (St. Michael's Hospital) and Stella Wright (North Jersey Community Center). (See Maps A and B for locations.)

Recreation

The Newark Housing Authority's Central Recreation Program provides only 3 staff positions to supervise activities for all of the residents of Newark public housing. (The one exception is Columbus Homes which has no organized recreation program.) Consequently, there are serious recreation program deficiencies in three of the four target projects. (Scudder Homes has the most visible recreation component of the four projects. This program is directed toward the use of the model Hank Aaron field facility.) Play areas located within the project are in serious disrepair. Tot-lot equipment is broken and rusted. Basketball nets are broken and the grounds unmarked. The open space "play" areas are expanses of black top areas with no organized activity being developed. The presence of broken glass and other debris on these areas makes them unsafe for play activities. The gymtiums constitute the indoor recreation facilities. They are supplied with one or two ping pong tables. The basketball court is too small and dangerous for basketball and therefore unused.

Amenities

Within the 4-project area, there is only one example of amenity being provided residents. The single amenity is the not-yet opened laundry facility located in Scudder Homes. None of the other projects has laundry facilities.

Commercial Facilities

There was but one commercial facility operated within the projects' area. The single commercial facility was located at Scudder Homes and consisted of a hot meals program which offered breakfast at a nominal cost to residents and employees at Scudder. The program was operated at one of the Senior Citizens Centers and staffed by elderly tenants of that project.

Conclusion

It was recently reported that the elderly services programs alone survived relatively intact during federal scrutiny of the HUD-HEW proposal. This outcome may well forecast a trend in federal social services funding available to housing authorities. While elderly services certainly merit substantial funding support, there seems to be developing a federal policy of benign neglect as regards the funding of social services programs for youth and non-elderly adults.

In its continual efforts to upgrade the quality of services available to its non elderly population, the Newark Housing Authority is now faced with a series of alternatives that may well define the nature and extent of its responsibility in the social service delivery process to this population.

The first alternative would define the Authority as the primary provider of social service programs. This alternative would require the development of a full complement of services supported through direct grants and contract for services with existing social service agencies. The HUD-HEW proposal represented a step in this direction. However, its most recent rejection by federal funding sources may well indicate a current federal predisposition toward housing authorities as initiators of services.

A second alternative would involve the Authority in an advocacy role to insure that existing public and private

providers of services design their programs to reflect the needs of the target population. The Authority might function as a broker of services, directing the flow of clients to the services, identifying problem areas and working to extract appropriate levels of response from the service providers. The Authority would minimize its function as a direct services provider and maximize its responsibility as expeditor of existing agency processes.

A third alternative approach to delivery of services would encourage and assist in the development of services provided by the community and resident population. Within this model, the client population will become ultimately responsible for establishing service priorities, for instituting programs and seeking out funding sources to support the service effort. The Authority would function to facilitate the development of a community-controlled services structure by identifying and developing leadership capabilities within community residents. The Authority would offer technical advice assistance, instruction and resources to the developing community services infrastructure and function as an advocate on their behalf within existing service delivery and funding channels.

While the alternatives above were presented in separate fashion, it is important to recognize that they do not represent mutually exclusive directions. The NHA may decide to adopt an approach that encompasses one or more of the alternatives sketched in this report. The point

must be stressed that there must be strong, identifiable policy directives to provide consistency in the pursuit of goal objectives within the agency. To approach the scope of services level outlined earlier in this report will require the coordination of a well-integrated professional, volunteer, student and community services network.



4

NEW APPROACHES TO ELDERLY HOUSING

NEW APPROACHES TO ELDERLY HOUSING

This section reviews some current problems and approaches for solutions to the problems of housing for the elderly in Newark, with a particular focus on services within project areas, development interior and public spaces and provision of services for general and special uses. Housing for the elderly presents very special problems. While housing for the elderly has undergone substantial expansion in Newark in recent years, as with other communities, this expansion may reflect a general demand and ease of implementation of elderly housing. This part of the report therefore focuses more intensely on the problems of the elderly themselves and how special requirements both in and outside housing might be better met through housing development.

This section is divided into three basic components. The first focuses on who the elderly are, household characteristics and trends, where they are located and their perceived housing location and service preferences. It also evaluates the problem of converting existing family housing to elderly housing, a question presently under consideration in the case of Columbus Homes. A second part looks at the type of interior space and housing units

required by elderly households. It attempts to disaggregate elderly households into particular types with special needs, then looks at current and innovative design solutions both in the United States and abroad. The third part looks at the question of services for the elderly and how these special requirements might be more effectively organized in a public housing program. In particular, the concept of a multi-service center is explored as one kind of option.

A. Site Selection and Location of Elderly Public Housing in the City of Newark

Locational, site selection factors may very possibly be some of the most important variables determining the relative satisfaction of our elderly citizenry. Issues of safety, proximity to services, closeness to the old neighborhood, friends, family, and just having a pleasant place to walk are elements of our lives that seem to intensify in importance as we grow older.

In the past, decisions concerning the intra-city location of elderly housing in Newark have been made primarily by H.U.D., NHA, the Tenants Assn., and the Housing Advisory Board. The exact decision-making process in favoring one location or another is not entirely clear. What is clear, however, is the notion that there has been no strict set of guidelines established that reflect the best interests of Newark's senior citizens, and that can be used by all

parties involved in the site selection process. The purpose of this study component is to generate such a set of guidelines.

This study is divided into the following four parts:

I. DEFINITION OF NEWARK'S ELDERLY POPULATION

- A. General Characteristics
- B. Geographic Characteristics and Distribution
- C. Concentration Areas of Elderly Poor

II. RESIDENTIAL AREA PERCEPTIONS OF NEWARK'S ELDERLY

- A. Movement Patterns, 1960-1970
 - 1. Outmigration
 - 2. Intra-city movement
- B. Ward and Project Preferences
 - 1. Overview
 - 2. Racial/Ethnic Implications
 - 3. Present Place of Residence

III. ELDERLY SITE-SPECIFIC CONFIGURATIONS

- A. Present Elderly Site Types
- B. The Crime Factor
- C. Other Site Considerations
- D. The Benefits of Elderly Sites

IV. CONCLUSIONS/RECOMMENDATIONS

Part I of the study defines Newark's elderly population and specifically tries to locate those elderly poor who are potential public housing residents. Part II attempts to describe, and hopefully, partially explain, a developing pattern of elderly perceptions as to "good places to live" within Newark. After having seen where the elderly are and where they'd like to be, Part III focuses in on the site-specific question of whether the elderly should be

integrated onto family-unit sites, or whether it would be better to have predominantly elderly occupied projects. Part IV makes specific recommendations based on the findings of Parts I-III.

In 1970, 30,082 of Newark's approximately 380,000 residents were 65 or older. Of these, over 30 percent were considered to have incomes below the poverty level of \$1,669/yr. A great many of these older persons are presently living in dependent situations in institutions⁴ or with their relatives.⁵ Still others reside in housing that may lack adequate plumbing or heating facilities. The need for good, low-cost elderly housing in Newark is evident.

The NHA has succeeded in placing over half of the city's elderly poor in subsidized housing, an achievement in some senses remarkable. Nevertheless, there remain a great many below or very close to the poverty level still in need of adequate housing facilities. Furthermore, as the population ages, the proportion of elderly poor is likely to increase. In an effort to meet the rising demand, new housing for the elderly, both conversions and new construction, should be carefully planned and located in the most efficient way possible. This will both maximize benefits and minimize problems for the elderly.

Knowledge of the general characteristics of Newark's elderly population provides a City-wide scope of the situation. Nevertheless, a more detailed look into the city's

NEWARK'S ELDERLY POPULATION

A. General Characteristics

Total Elderly Population	30,082	100.0%
Sex		
Male	12,860	42.7%
Female	17,609	57.3%
Race		
White	20,580	64.4%
Black	8,369	27.8%
Spanish	1,053	3.5%
Employment		
Employed	4,793	15.9%
Unemployed	25,209	84.1%
Income		
Below Poverty Level	9,299	30.9%
Family Heads	1,895	5.2%
Unrelated Individuals	6,032	20.0%
Others	1,372	4.7%
Housing		
Currently in Public Housing	4,938	16.4%
Currently in Elderly Public Housing	2,990	9.9%

Sources: U.S. Bureau of Census, "Census Population," 1970.
 NHA Tenant Statistics, print-out, Feb. 1975.

Definition of Terms

¹ Elderly Person--65 years or older

Elderly Public Housing--Units designed exclusively for the elderly or disabled.

² Poverty Level--\$1,669/yr. for a single elderly person;
 \$2,149/yr. for an elderly couple.

Elderly Poor--65 years or older with income below poverty level.

³ Spanish Elderly--65 years or older and of Spanish language.

diversely populated geographic areas may better help to understand elderly location.

B. Geographic Characteristics and Distribution of Newark's Elderly

The map on the following page shows the boundaries of Newark's five traditional wards. Each of Newark's wards has a character and history of its own. The matrix below tries to present, in capsule form, an overview of the wards.

Ward	Pop. (% of City)	Race % White	Ethnicity	Housing Stock	Pub. Hsg Pop
North	86,865 (22.9)	76.3	Large, cohesive Italian community	Outer areas still good	10,029
South	90,223 (23.7)	9.6	Former Jewish area, now pre-dominantly black	"	0
East	69,356 (18.2)	70.4	Many different; large Portuguese community	Good	8,456
West	86,060 (22.6)	49.0	Mix of Black, Irish and other ethnic groups (Vailsbury)	Outer areas still good	2,712
Central	49,838 (13.1)	4.9	Predominantly Black	Deteriorating	16,296

From the data presented below (Table 1), it is clear that there are higher concentrations of elderly in some areas of Newark than others. In fact, almost 60% of the total elderly

population resides in either the North or the West Wards.

TABLE 1

DISTRIBUTION OF NEWARK'S ELDERLY, BY WARD (1970)

Ward	No. of Elderly	% of Newark's Elderly
North	9276	30.8
South	4066	13.5
East	5968	19.8
West	8133	27.2
Central	<u>2639</u>	<u>8.7</u>
Total	30,082	100.0

Source: U.S. Bureau of Census, Census of Population and Housing, Census Tracts-Newark (1970).

C. Concentrations of Elderly Poor

For the purposes of public housing, it would be best to specifically find the areas where the elderly poor reside. In doing so, we can also view and compare the amount of public housing offered to elderly residents in each of these areas. Table 2 locates the elderly poor among the wards and shows that, like the all-elderly figures, some wards have considerably more elderly poor than others.

In the case of the elderly poor, the North and East Wards constitute 55 percent of Newark's total. These figures include those elderly poor who already reside in public housing.

TABLE 2

DISTRIBUTION OF NEWARK'S ELDERLY RESIDENTS WITH INCOMES BELOW POVERTY LEVEL, BY WARD (1970)

Ward	Elderly Pop.	Elderly Pop. w/Income Below Poverty Level* (As % of Ward Elderly)	Ward Elderly, Below Poverty As % of Newark's Eld. Pop.
North	9276	2693 (29.0)	28.9
South	4066	1004 (24.7)	10.8
East	5968	2407 (40.3)	25.9
West	8133	1931 (23.7)	20.8
Central	<u>2639</u>	<u>1264</u> (47.9)	<u>13.6</u>
Total	30,082	9299	100.0

*Poverty level is \$1,669 for a single elderly person, and \$2,149 for a couple. ("Revision in Poverty Statistics," Current Population Reports, Series P-23, No. 28 U.S. Dept. of Commerce).

Source: U.S. Bureau of Census, Census of Population and Housing, By Census Tracts-Newark.

In order to determine the amount and percentages of unhousted elderly poor in each ward, we must take the poverty figures in column II of Table 2 and subtract the amount of residents presently residing in elderly public housing. Table 3 gives us a fair indication of the elderly poor in each ward who are still in need of public housing specifically designed for the elderly (see next page)

In addition, we have computed a "burden index" (column V) which basically compares the percent of Newark's poor elderly residing in that district. A burden index of 1.0 indicates that the district's share of Newark's existing public housing for the elderly matches the district's share of elderly poor. Indices increasingly higher than 1.0 indicate an increasingly higher supply relative to the demand.⁶ In the West Ward, for example, we observe an index of .44, indicating that the area does not contain a proportion of the city's elderly public housing equal to the percentage of the city's elderly poor living there. Using this data, we can conclude that the order of areas in balance of public housing to population of elderly poor is

<u>Ward</u>	<u>Index</u>	
South	.00	worst ratio
West	.44	
Central	.93	$\frac{\% \text{ units}}{\% \text{ elderly poor}}$
North	1.19	
East	1.68	best ratio

An index of this type may be a very useful tool in trying to maintain a fairly equal distribution of unhoused elderly poor throughout the City of Newark. In the future, the Tenant Selection Committee might want to give preferential consideration to needy elderly applicants from areas with

worse index ratings in order to yield more equitable balances between the elderly poor and the amount of elderly housing supplied throughout the city.

In summary, Part I has presented a picture of who, and where, the elderly are in Newark.

A) Newark's elderly are a racially-mixed population, of which almost 85 percent are unemployed and nearly one-third have incomes below the poverty level. Although the NHA has provided subsidized housing for almost 4,700, a great many more are still in need.

B) Each of the five wards of the City has a character of its own. The racial/ethnic composition, existing condition of housing stock, and amount of public housing provided, vary from ward-to-ward. Almost 60 percent of Newark's total elderly population reside in either the North or West Wards.

C) The majority of Newark's elderly poor (55%) live in the North and East Wards. The greatest amount of elderly public housing (75%) is also located in these two wards. The areas with the worst balance of elderly housing to elderly poor are the South and West Wards

B. Residential Area Perceptions of Newark's Elderly

The object of this part of the study is to attempt to understand the location and housing preferences of Newark's elderly residents. Two types of data give

indications of elderly perceptions:

A) Elderly movement behavior trends within Newark, based on comparative analysis of data from the 1960 and 1970 U.S. Census of Population.

- 1) Outmigration
- 2) Intra-city Movement

B) Preferences for existing elderly public housing projects based on data from a random sample of 150 applications, on which project preference and present place of residence have been indicated.

- 1) Overview
- 2) Racial/Ethnic Implications
- 3) Place of Residence

These two analytical techniques will be discussed separately below in an attempt to understand the perceptions of Newark's elderly poor as to "a good place to live" within the city.

A) Movement Patterns, 1960-1970⁷

1. Out-migration

In 1960, the elderly population of Newark totalled 36,501. Ten years later, in 1970, the City had 30,082 elderly citizens. This constitutes an overall decline of almost 20 percent. The area that showed the most striking decline in its elderly population is the South Ward (-49%). This area, a former middle-class, Jewish neighborhood until the late '50's and early 60's, probably lost a good many of

its more affluent white senior citizens to the suburbs. Out-migration of elderly from the Central Ward was also very pronounced. In Table 4, it is clear that the more stable North Ward not only retained, but also increased its elderly population over the ten year period.

2. Intra-city Movement

The ten-year movement pattern of Newark's elderly gives some indication of mobility within the city. The North and West Wards have both gained in percentage of Newark's elderly representation while the South and Central Wards both lost. The East Ward, although having lost in absolute numbers of elderly, maintained an overall representation of about 19% over the ten-year period.

One factor that helps to partially explain intra-city elderly moving patterns during the 60's is the notion that all of Newark's elderly public housing was initially occupied during that ten-year period. This promoted relocation into wards with newly-constructed elderly facilities, and constituted a portion of the elderly population change for those areas. In the East Ward, however, the greatest amount of elderly units were built (43.6% of all elderly units), yet a decrease in absolute number of elderly residents occurred over the ten-year period. One possible reason for this phenomenon is that all of the 1198 East Ward elderly units are fairly "isolated" from the rest of the ward. They are located at the southern extremity of the area, along the Elizabeth border (see map). Although the units are technically

part of the East Ward, they are more accessible and convenient to residents of the South Ward. The relocation of residents from the South Ward into nearby Kretschmer/Boyden projects (East Ward) may have inflated the intra-city elderly population change rates for those two areas (Table 4).

Nevertheless, the fact remains that the North Ward was the only area experiencing an absolute increase in elderly residents, while the South Ward elderly residents showed the greatest out-migration and/or intra-city relocation.

B. Ward and Project Preferences

1. Overview

The desire to move, or to stay in certain areas of Newark is reflected in a sample of 150 applications from elderly persons seeking public housing.⁸ In Table 5 (see next page), the number and percentage responses is presented for particular projects, and the corresponding wards. As for the projects, Crane Elderly was far and away the leader in popularity, followed by Kretschmer, Boyden, and Baxter.

It would be appropriate to briefly point out some assumptions made by using this data. First of all, this sample was drawn from a universe of elderly residents who took the initiative to apply for public housing and who were informed about their opportunity; their preferences for places to live are representative of elderly applying for public housing, but may not be representative of the elderly poor, as a whole. Secondly, preference for a particular project

may reflect some extraneous variables other than purely the perception of that project as the best place to live. The supply of units offered and/or the length of a project's waiting list may have a direct effect on an applicant's response. For example, elderly applicants in desperate need of housing may be apt to indicate preferences for projects where they know they have the best chance of getting in, even though those are not their "first choices." In an attempt to partially account for this, Table 6 presents the percentage of responses for preference of a particular ward project in comparison to the percentages of the city's total elderly units supplied in that ward.

TABLE 6
PREFERENCE FOR WARD COMPARED TO
WARD'S SUPPLY OF ELDERLY HOUSING

Ward	Supply (% of City's Total Elderly Units)	Preference
Central	12.7	7.6
South	0.0	0.0
East	43.6	24.3
North	34.5	31.7
West	9.2	9.8
	100.0	75.4
		Miscellaneous 24.6
		100.0

Source: DAG Survey, 4/1/75
(see Footnote 8).

2. Racial/Ethnic Implications

Different neighborhoods in Newark have different degrees of appeal to members of different racial and ethnic groups. To simply say that there is an overall preference for one particular elderly housing project or another ignores the important factor of racial differences. For example, the finding that Stephen Crane Elderly received the single-most preference of any other project (90 votes or 30% of all responses) should be supplemented with the fact that 82 of those votes (91%) came from white applicants. Table 7 below, presents the preference, by race, for each of the elderly projects.

TABLE 7

PREFERENCE FOR ELDERLY HOUSING PROJECTS, BY RACE*

<u>Elderly Project</u>	<u>White (% of Total White)</u>	<u>Black (% of Total Black)</u>
Crane	82 (70.7)	8 (4.6)
Boyden	8 (6.9)	23 (12.9)
Kretschmer	11 (9.4)	27 (15.1)
Baxter	2 (1.7)	22 (12.4)
Hayes	0 (0.0)	5 (2.8)
Scudder	0 (0.0)	12 (6.7)
All other**	20 (17.2)	81 (45.5)
Total	116 100.0	178 100.0

*The hispanic applicants comprised only 2.1% of this sample, and thus were not included in this table.

**The category includes any other project specified plus "miscellaneous" answers and non-responses.

Source: DAG Survey, 4/1/75 (see footnote 8).

It is clear from our sample that Black applicants have a greater diversity of project preferences than white applicants. Where the great majority of whites specifically requested Stephen Crane, preferences of Blacks for Kretschmer, Boyden, and Baxter yielded less than a majority. Instead, Blacks seem to be more concerned with a type of project than with a specific choice. This could stem from lack of specific project information or possibly desperation. Nevertheless, the "all other" category, which consisted of answers like "any elderly," "any low-rise," and non-responses, comprised over 45% of the Black responses. This is an interesting observation in a city where Black elderly are becoming an increasingly greater proportion of the elderly population.

3. Present Place of Residence

The final analysis of elderly perceptions takes the same sample of 150 elderly applicants, looks at where they are from, then focuses on where they want to be located in public housing. Table 8 is a cross-reference of this information. (See next page.) The North Ward elderly residents display a strong desire to remain in their area (66.2%) compared for example, to that same desire on the part of Central Ward elderly (8.3%). Present residents of the North, South, and West Wards are more particular about choosing specific projects, as evidenced by the comparatively

low percentage of miscellaneous answers ("any elderly," "any low-rise," "other"). This type of data may help housing authorities to anticipate the future demands on elderly housing projects that are planned for certain areas of the city. For example, a greater percentage of South Ward residents prefer the East Ward elderly projects (Kretchmer/Boyden) than do the East Ward residents themselves. This reflects the aforementioned fact that the East Ward projects are situated in a fairly isolated part of the ward, and are more accessible to residents of the South Ward.

Another observation that is seen in Table 7 is unwillingness on the part of the elderly to make "cross-town" moves. The percentages of preference are very low for North Ward residents requesting Kretchmer/Boyden complex, as they are for South Ward residents requesting North Ward projects, as they are for West Ward residents requesting East Ward projects. This pattern seems to infer that, although the elderly would not mind a move within the general area of their present place of residence, they do not want to move to projects that are in neighborhoods largely unknown to them.

In summarizing Part II, the residential area preferences of Newark's elderly citizens have been analyzed with the following results:

A) 1. Elderly out-migration, specifically of the more affluent senior citizens, has occurred a net loss of almost 6,500 elderly in Newark over the period between 1960-1970. The most striking losses of elderly occurred in the South and Central Wards,

2. Intra-city shifts in elderly representation between 1960-1970 showed gains by the North and West Wards, losses by the South and Central Wards, and comparative stability in the East Ward. One influencing variable to this intra-city mobility pattern is the fact that all elderly units were initially occupied during this ten-year period. Thus some wards earmarked for projects showed gains in elderly citizenry

B) 1. Taking all elderly applicants for public housing, as a whole, the overwhelming single choice for elderly public housing is Stephen Crane, followed distantly by Kretchmer, Boyden, and Baxter,

2. When we isolate race, however, we see that the reason why Crane appears so popular is the fact that over 70% of white applicants specified it as their choice. Black applicants, on the other hand, have a greater diversity of project preferences and have spread their choices among the city's projects. Black applicants seemed more concerned with a type of project ("elderly," "low-rise," etc.) than with a specific choice;

Table # 8 ELDERLY WARD PREFERENCES FOR PUBLIC HOUSING, BY PRESENT WARD
OF RESIDENCE

<u>Place of Residence</u>	North	South	East	West	Central	Misc. ^a	Total
North	66.2	0.0	6.8	16.2	2.7	8.1	100.0
South	8.8	0.0	50.0	22.1	4.4	14.7	100.0
East	58.3	0.0	25.0	0.0	0.0	16.7	100.0
West	41.2	2.9	11.7	20.6	14.7	8.9	100.0
Central	14.6	0.0	33.3	12.5	8.3	31.3	100.0
Out-of-Town	35.3	0.0	17.6	14.7	11.6	20.8	100.0

^aThe preference category "Miscellaneous" consists of: "any elderly",
"any low rise," "other" and non responses.

Source: DAG Survey, 4/1/75 (see footnote No.6)

3. The place of residence seems to have an affect on the various preferences for elderly public housing. North Ward residents tend to want to remain within their tightly-knit community, whereas Central Ward applicants tend to want to live elsewhere. In addition, there is very little desire on the part of the elderly to relocate in areas of Newark that are distant from their present place of residence.

By understanding the residential perceptions of the elderly, themselves, we can attempt to locate housing facilities in a way that will maximize benefits and satisfaction for them. This part of the study has used moving patterns and specified preferences as tools for understanding those perceptions.

C. Elderly Site Composition Considerations

1. Present Elderly Site Types

Three basic configurations of elderly public housing projects currently exist in Newark. Type I is found at Columbus Homes, where approximately 140 elderly occupied units are interspersed throughout the entire complex. Type II, represented by Scudder Homes, consists of a separate all elderly structure(s) on a site with several high-rise family unit structures. Type III, at Baxter Terrace, consists of a practically self-contained high-rise elderly project, where the low-rise family structures are largely a separate entity. In all three configurations,

elderly interaction with younger residents is inevitable. The degree of interaction, however, may vary from project to project, depending on the elderly unit/family ratio. In Stephen Crane Village (Type III), for example, interaction is to a lesser degree because the elderly dominate the scene (by almost 2:1). In Scudder, on the other hand, the elderly are a distinct minority comprising only 7.8% of the project's population. Table 9 presents a picture of the elderly composition in each of the projects listed. In the Crane complex, which was the overwhelming single choice of elderly housing applicants from throughout the city (see Table 5), an elderly majority clearly exists on the site. On the other hand, although the Kretchmer and Boyden¹⁰ complexes contain a greater absolute number of apartments for the elderly than the Crane complex, their combined elderly population is still a distinct minority of only 28.6%. The comparatively low preference score that it received from elderly public housing applicants (see Table 6) may be highly correlated with the fact that family units, and subsequently youth, dominate on the site. A closer look into this type of reasoning follows below.

2. The Crime Factor

The Newark High Impact Anti-Crime Team has undertaken studies in and around the City's public housing projects and they "reveal that elderly residents often are

TABLE 9
ELDERLY COMPOSITION OF PROJECTS (1974 DATA)

<u>Project</u>	<u>(Type)*</u>	<u>Total Residents</u>	<u>Elderly Pop.</u>	<u>% Elderly</u>
Stephen Crane	II	1997	1287	64.5
Columbus Homes	I	4329	148	3.2
Seth Boyden	III	2039	821	40.3
Otto Kretchmer	II	1473	757	21.8
Baxter Terrace	III	1785	475	26.7
Hayes Homes	II	4647	357	7.7
Scudder Homes	II	5381	421	7.8

*Types:

- I--Elderly interspersed throughout family units.
- II--Separate elderly structure(s) on site with family unit high-rise structures.
- III--Separate elderly high rise structure(s) detached from low rise mixed units.

Source: NEA Tenant Statistics computer print-out, Feb. 1975.

victimized by the young who live among them.¹¹ The Newark public housing is dominated by youth. There are 20,466 minors (under 18) among the 14 housing projects throughout the city. In the past, some sociologists and planners have suggested that the elderly be centered around "activity nodes," where they may observe and interact with people of other age groups. To some extent, this is a laudable goal. In Newark, however, there are signs that point away from creating distinct elderly minorities on family unit sites. An explanation follows below.

A primary assumption being made here is that the single-most prevalent concern on the part of Newark's elderly, with regard to residential location, is safety. Although no current empirical victimization studies of public housing sites are available (one is planned), the observation of the High Impact Anti-Crime Team is that youth and elderly have not proven totally compatible. From talking with managers of Type II projects, where elderly and youth have a relatively high degree of contact, one finds that the elderly are often taunted and made the targets of practical jokes. In addition, there seems to be a correlation between the amount of crime on a particular project, and the percentage of elderly composition on that site. Table 10 presents the 1974 total crimes for seven public housing sites throughout the city, along with the percentage of the

site population that is elderly, and the order of preference for the sites

TABLE 10
TOTAL CRIMES ON PUBLIC HOUSING SITES,
PERCENTAGE ELDERLY ON SITE, AND ORDER OF PREFERENCE, 1974

<u>Site</u>	<u># Crimes Reported*</u>	<u>Per Capita Crimes</u>	<u>% Elderly On Site</u>	<u>Order of Preference</u>
Crane	11	.005	64.5	1
Columbus	230	.053	3.2	7
Boyden	34	.017	40.3	3
Kretchmar	75	.021	21.8	2
Baxter	24	.013	26.7	4
Hayes	203	.044	7.7	6
Scudder	<u>256</u>	<u>.048</u>	<u>7.8</u>	<u>5</u>
Total	833	.028 (avg.)		

*Crimes that have been recorded include: murder, rape, robbery, assault, break and entry.

**This rank order is solely out of these seven projects.

Source: NHA 24-hour Security Patrol Program, data files/1974.

Columbus, Scudder, and Hayes all have per capita crime rates that are considerably higher than the other projects. They also all have elderly populations that constitute less than ten percent of the total project population. Naturally, elderly population is not the only correlating factor with

a low crime rate. The density of the project, its age, and its proximity to fringe areas are also relevant independent variables that may affect the amount of crime on a particular site. Nevertheless, it seems apparent that sites where the elderly have the greater representation in the project population, also have the lower crime rates.

3. Other Site Considerations

Although it is assumed that safety is the primary concern of the elderly when making a residential choice, it most certainly is not the only concern. Like any residential mover, the elderly look for bundles of attributes. Some of the attributes that are looked for in a particular project, aside from low crime, include:

- proximity to place of residence and/or relatives and friends.
- proximity to shopping, neighborhood centers, and health clinics
- accessibility to transportation modes (mobility)
- racial and income composition of both project and neighborhood
- density of project and configuration of buildings
- percentage composition of elderly on site
- in-house activities and services for the elderly
- size, condition, and age of apartments
- security of the elderly building, itself.

To a varying degree, each applicant for elderly public housing subconsciously thinks about most of these factors before choosing a preference for one project or another. Although it might be possible to compute a formula (regression equation) determining the relative weights of each of these attributes in the elderly housing decision, as of yet sufficient data has not been available. It is therefore the assumption of this report that the order of criteria for the choice of elderly public housing is:

1. crime rate on site and in area
2. percentage composition of elderly on site
3. density of project and configuration of buildings.

Until empirical evidence proves otherwise, these three factors seem like the most likely determinants of the Newark elderly residential choice.

4. The Benefits of Elderly Sites

The trend of public housing in Newark shows that the greater the percentage of elderly on a site, the lower the per capita incidence of crime. This is a strong argument in favor of a policy of exclusive or predominantly elderly public housing sites. Since juveniles commit 65% of Newark's crime, and since youth tend to be much more visible where they are intruding into an all-elderly area, we would expect the crime rate in exclusively elderly projects to be relatively low. In predominantly elderly

projects where families were a clear minority, chances are that the elderly residents would know many of the younger members and their families, either by sight or association. This contact and exposure to a few young people would be a deterrent to crime, and might even encourage a type of comradery between the youth and elderly of the project.

Currently, in almost all projects, elderly residents are informally "self-patrolling" their buildings and grounds. Some take shifts monitoring the entrances and exits of their buildings, while others report suspicious looking people in and around their areas. This voluntary service should not be underestimated. With concentrated elderly communities, security personnel may be freed to increase the patrols in other areas of higher crime. The remarkably low amount of crime committed in the Stephen Crane complex (2% of total public housing crimes reported)¹² attests to the advantage of such a policy.

In addition to benefitting the elderly residents and the security system, predominantly elderly projects may have far-reaching implications for the neighborhoods where they are located. In the past, elderly projects have generated a minimum of problems. In a time when Newark is trying to focus on the containment of deterioration from within, the placement of these elderly projects in carefully

chosen areas may have the effect of stabilizing presently non-deteriorated neighborhoods, and inhibiting outward movement of their residents. In contrast, locating a single elderly structure on a Central Ward site, like Scudder Homes, may do little to stabilize that deteriorating area. Such a location may also impose unsafe and threatened feelings on the elderly who are chosen to live there.¹³

If, however, this valuable resource of stable, low-risk, highly maintained housing is to be used most effectively, then the location of largely elderly projects must be in areas with a housing stock that has not yet deteriorated.

Finally, in working toward public housing sites that are largely elderly, our senior citizens will have the living atmosphere that they, themselves, prefer. A sample of elderly residents from Baxter and Scudder elderly structures were asked the question: "Would you prefer to live in housing projects designed exclusively for the elderly, or would you prefer to live in an all-elderly building on a site where other buildings have families of mixed age groups?" The question was asked to respondents individually, and clarification was supplied, where needed. The results may be seen below.¹⁴

<u>FAVOR EXCLUSIVELY ELDERLY SITE (%)</u>	<u>FAVOR ELDERLY BUILDING ON FAMILY UNIT SITE (%)</u>	<u>OTHER OR NO RESPONSE (%)</u>
72.7	9.1	18.2

This type of response closely parallels the data gathered from elderly applications for public housing (see Table 5) where less than 1% requested to be placed in "regular," non-elderly housing situations. Of those requests, over 90% specified either Stephen Crane Village or a particular low-rise project where residency is already largely elderly. This would suggest that the elderly favor the idea of projects that are, if not exclusively, predominantly elderly.

In summary, Part C has discussed elderly site-specific configurations with the following findings:

- a) Three basic configurations of elderly public housing currently exist in Newark. They are:
Type I--elderly interspersed among family units throughout the site.
Type II--separate high-rise elderly structures on sites with high-rise family structures.
Type III--separate, fairly self-contained elderly high-rise structures near to low-rise family units

The Type III configuration is both the most popular and the most trouble-free site type. Projects like Crane, Baxter, and Boyden qualify as Type III sites. In addition, sites where the elderly comprise a greater percentage of the project population score high in preferences of the elderly public housing applicants.

- b) The crime factor on Newark public housing sites is of primary concern to the elderly. Since youth commit most of the crimes on public housing sites, a direct

correlation exists between the amount of crime and the age distribution on a particular site; the greater the percentage of elderly, the less the per capita crime. Type I and Type II configurations (high-rise sites) have the largest crime rates. This suggests that both elderly composition and density are highly significant crime rate variables.

- c) Other site considerations exist when the elderly public housing applicant considers his place of preference. Things like: proximity to place of origin, shopping, neighborhood centers, the racial and income composition of the area; the accessibility to lines of transportation, and several other variables enter into the residential decision. Nevertheless, the assumption made by this study is that the three primary determinants of elderly public housing choices are:

1. crime rate on site and in area
2. percentage elderly composition on site
3. density of project and building configuration.
- d) The benefits of elderly sites are considerable.

They include:

1. The relocation of elderly from more depressed areas of the city where they may presently feel threatened;
2. The minimization of security in elderly projects where youthful intruders are clearly visible, and where the complex is largely self-patrolled by residents;

3. The stabilization of non-deteriorating neighborhoods with low-risk, highly maintained elderly housing, the inhibiting outward movement of residents, and possibly even the encouragement of investment back into these areas;

4. The containment of deterioration in the central areas of the city, and the eventual ability of housing authorities to focus on those areas,

5. The creation of communities, like Crane and Baxter, where the elderly can live, among both people of their own age, and other ages, in a relatively safe atmosphere.

D. Conclusions and Recommendations for Future Elderly Housing Location

1) The needs and composition of Newark's elderly are constantly changing. In an attempt to maintain a fairly proportionate distribution of unhoused elderly poor throughout the city, the NHA should continually monitor the movement patterns and geographic distribution of this very important group. In the future, geographic areas that are finer than the five wards should be used for this purpose. The ten planning districts presently being used by some of Newark's agencies might provide one option for more aggregated data.

2) When looking for areas of Newark in greatest need of public housing assistance for the elderly, a burden index, similar to the one developed in this report

(see Table 3) should be employed. In this way, the NHA and Tenant Selection Committee will be able to determine the distribution of unhoused elderly poor, and adjust sites and tenant selection criteria accordingly. Currently, elderly residents of the South and West Wards have the greatest need of public housing facilities near to their place of residence.

3) The NHA should continually be aware of the preferences for particular elderly projects throughout the city, and more importantly, should understand the reasons why one particular project receives a greater degree of popularity than another. In doing so, factors such as race and ethnicity should be isolated. As seen in this report, the preferences of Black and white elderly public housing applicants are very different. It has been projected that, in the future, an increasing proportion of Newark's elderly population will be Black. With this in mind, the findings about Black preferences for types of projects (see Part II, Sec. B.2) might be an important factor in future project planning.

4) The theory that says " . . . generally the elderly are not very mobile and prefer to stay within the area of their current place of residence . . . " has been supported by the data in this report. Although a great many elderly do not mind moving into an adjacent ward, elderly project

planners should expect few requests for occupancy of a particular project from elderly residing across the city from the project site.

5) Two of the most important findings of this report are.

- a) The desire of the elderly to live outside of the central area of the city (see Part II, Sec. B.1); and
- b) The advantages of sites that are predominantly occupied by elderly (see Part III, Sec. D).

The table below analyzes the currently-planned elderly units¹⁵ with regard to how they meet the basic guidelines of outer area location and predominantly elderly site-specific composition.

<u>Plan</u>	<u>Outer Location</u>	<u>Predominantly Elderly</u>
Douglas Hotel	no	yes
Essex House Motel	no	yes
Clifton Avenue	yes	yes
Branch Brook Elderly	yes	yes
Prince Hall Temple	no	yes
Passaic River Bank	yes	yes
Mt. Carmel Guild	yes	yes
Ophanage Site	yes	yes
Mt. Prospect	yes	yes
Columbus Homes	no	no

It seems obvious that the NHA has already adopted a policy of exclusive elderly-occupied projects, with one exception--the Columbus Homes plan.

The NHA's present plans to convert one, or possibly two, structures of Columbus Homes to elderly buildings will neither help the project, the neighborhood, the New ark Housing Authority, nor the elderly residents being placed on this high-crime site. Like the situation at Scudder Homes, the creation of a distinct elderly minority on the Columbus site may create more problems than remedies. Instead, we recommend that the NHA focus its energies on the development of predominantly and exclusively elderly projects currently planned for the non-deteriorating neighborhoods of the city. This would be a preliminary step in the gradual stabilization of both the projects and the neighborhoods, and would create the catalyst for the aforementioned benefits of such schemes (Part III, Sec. D). The utilization of stable, low-risk, highly maintained elderly public housing will have the greatest effects where it is incorporated into the fabric of neighborhoods where the housing stock is still in relatively good condition.

The Essex House and Douglas Hotel conversions are conceptually good schemes. Nevertheless, the advantages of locating the elderly in the central area of the city, surrounded largely by the non-residential business district, remain to be seen.

6) In addition to the elderly units currently planned for the outer areas, we recommend that the NHA consider the long-range conversion of two or three of the Kretchmer NJ 2-10 family unit structures to elderly units. The conversion of these structures, which are presently across the street and detached from the elderly units, would serve two very important purposes. First, conversion would serve to ease volunteering families out of the reputedly unsafe and inefficient high-rise lifestyle and into new low-rise facilities, as they become available. A well-coordinated program of relocation, where the families and their neighbors might be housed in new low-rises fairly close by, could be a very effective incentive used by the NHA. Secondly, the reoccupation of the family units by elderly residents would yield all the advantages that have been previously stated. With the creation of a predominantly elderly community at Kretchmer, we will not only begin to see lower, on-site crime and stabilization, but also a gradual rise in the elderly preference rating (see Tables 5 and 6) for that project and area of the city.

7) It is likely that those most in need of elderly public housing may be the least informed about the opportunities available to them. This can be evidenced by the very small amount of hispanic elderly applying for public housing assistance.¹⁶ Therefore, an information

campaign might be considered whereby the difficult-to-reach elderly poor are sought out and made aware of their housing options.

The Newark Housing Authority has a very valuable resource in the form of elderly housing. Its stability and trouble-free history makes imperative the fact that, in the future, it be used in a way that optimizes both the advantages to the elderly and the City of Newark. The preceding component has put forth some ways by which this goal may be achieved.

FOOTNOTES

¹Although the NHA uses 62 years old and over as their definition for elderly, it would have been impossible to gain accurate data for the cohort of 62 and over. Thus, we have used 65 and over as our definition of elderly.

²U.S. Bureau of Census, "Census of Population," 1970 ("Revision in Poverty Statistics," Current Population Reports, Series p-23, No. 28, U.S. Dept. of Commerce).

³U.S. Bureau of Census, Subject Reports, "Low Income Areas of Large Cities," 1970, p. 445. This gives figures for elderly persons "of Spanish language." Since there is no breakdown for Puerto Rican origin in Newark alone, (there is one for SMSA), we have used the Spanish language definition.

⁴Approximately 4800 or 16% of Newark's total elderly live in homes for the aged or dependent according to U.S. Bureau of Census, Subject Reports, "Persons in Institutions and Other Group Quarters," 1970, p. 368.

⁵Almost 5000 or 17% of Newark's total elderly live with families according to the U.S. Bureau of Census, Subject Reports, "Low Income Areas in Large Cities," 1970, p. 451.

⁶This model was used in the Boston Housing Authority's study of the elderly. Appendix C, 1973.

⁷By using all elderly data and making generalizations about elderly moving behavior from a comparison of 1960 and 1970 data, we employ two substantial assumptions. Firstly, we are assuming that changes in ward population are intra-city in nature, and that migration out of the city cannot be controlled for. Secondly, we are assuming that residential choice opportunities are fairly constant among all elderly, and that a move from one ward to another represents a preference that may be expressed by every senior citizen. The truth, in fact, is that the elderly poor have a much more difficult time moving within the city than do the wealthier elderly.

⁸A total of 150 elderly applications were randomly drawn from the files of the Tenant Selection Committee, 203 Springfield Ave. Applicants were from Newark's five wards and

also from out-of-town. Each applicant responded with two project preferences. A response of "Boyden," "Baxter," "Scudder," etc was assumed as the elderly building, unless otherwise stated.

⁹Additional assumptions have been made in arriving at this conclusion. They include: Miscellaneous answers of "any low rise," "any elderly," and "other" as being voided; the relation of preference to supply of units being constant across all wards; the sample of 150 random elderly as being representative of the elderly poor, as a whole.

¹⁰The Kretschmer and Boyden projects are combined here because of their proximity to each other, and in order to facilitate comparisons with the Stephen Crane complex.

¹¹Newark High Impact Anti-Crime Program Action Plan, 1973, p. 49.

¹²NHA crime cross-table statistics for 1974.

¹³This stems from interviews of the residents of Baxter and Scudder elderly buildings, and a question asking: Do you feel threatened by young people? (See footnote 14).

¹⁴A total of 44 residents of both Scudder and Baxter elderly buildings were interviewed individually in order to gauge perceptions of elderly housing and neighborhoods. Due to some problems in the content of the questionnaire, the interviewing process, and the small size of the sample, the results have not been used extensively in this report. The survey was conducted during the week of April 14, 1975.

¹⁵From: Annual Goals for Housing Assistance, NHA, Attachment #1 to Table III.

¹⁶The racial breakdown of all elderly applicants sampled was:

WHITE--38.6% BLACK--59.3% SPANISH--2.1%

TABLE 4
1960-1970 ELDERLY POPULATION IN WARDS, AS
PERCENTAGE OF NEWARK'S ELDERLY

Ward	1960		1970		1960-1970	
	<u>Number</u>	<u>% of Total</u>	<u>% of Total</u>	<u>Number</u>	<u>Change in Eld. Pop.</u>	<u>(% Change)</u>
North	8697	23.8	30.8	9276	+ 579	(+6.7)
South	7983	21.9	13.5	4066	-3917	(-49.0)
East	6991	19.2	19.8	5968	-1023	(-14.6)
West	8914	24.4	27.2	8133	- 781	(-8.8)
Central	<u>3916</u>	<u>10.7</u>	<u>8.7</u>	<u>2639</u>	<u>-1277</u>	<u>(-32.6)</u>
Total	36,401	100.0	100.0	30,082	-6419	(-17.6)

U.S. Bureau of Census, Census of Population and Housing, Census Tracts-Newark,
1960 and 1970.

TABLE 5

ELDERLY PREFERENCES FOR PUBLIC HOUSING,
BY PROJECT AND WARD OF PREFERENCE

<u>Place of Preference</u>	<u># of Responses</u>	<u>% of Total</u>
North Ward		
Columbus Homes	0	0.0
Crane Elderly	90	30.0
Crane Regular	11	1.7
Total	101	33.7
South Ward		
Boyden Elderly	33	11.0
Kretschmer Elderly	36	12.0
Nyatt	1	.3
Pennington	1	.3
Roosevelt	2	.6
Other	1	.3
Total	74	24.5
Westward		
Baxter Elderly	25	8.5
Bradley Court	4	1.3
Total	29	9.8
Central Ward		
Felix Suld	3	1.0
Hayes Elderly	5	1.7
Sudder Elderly	12	4.0
Other	2	.6
Total	22	7.2
Miscellaneous		
Any Elderly	36	10.0
Any Low-rise	15	5.0
Other	29	9.6
Total	74	24.6
Total Responses	300	100.0
(Non-responses were counted as Miscellaneous-Other.)		

B. Housing for the Elderly: Interior and Public Space
Design Options

This part examines some major problems and design standards for interior and public space components of housing for the elderly. While the study focuses on the question of conversion of Columbus Homes (a high density family project) to elderly housing, most of the standards and analyses are equally appropriate for other elderly housing.

Design of housing for the elderly and all elderly and mixed elderly communities have been studied extensively since this kind of housing development was first introduced in the post-war period. There are broad ranges of standards and approaches. Some attempt to start with a micro level scale of the household. Others look more globally at the question of developing communities which meet present demand. To some extent, however, there remains the clear fact that very little is known about the "typical" need, since elderly households, like families, are diverse and tend to have individual needs.

The following study generally approaches the problem by defining on a component by component basis the building, focusing strongly on "common" problems and solutions today. Some components may be particularly important for Newark's elderly communities, some less so. The study is divided into two basic parts. The first looks at interior spaces, including the general living space and specialized spaces

of kitchens and bathrooms where most attention to special problems need to be addressed. "Comfort components" related to the apartment's infrastructure such as heating, ventilation and noise are also examined. A second part looks at the problem of public spaces. Included in this examination are the special problems of building security, the problem of hallways, stairs, elevators, and common rooms. An appendix follows which illustrates in more detail some of the considerations behind design standards.

1. General

In designing for the elderly, it is important to distinguish the types of households included in the elderly population and determine apartment design needs based on these considerations. At least five characteristics are important:

- a) The racial-ethnic characteristics of the elderly; "ties" to particular communities and institutions, such as churches;
- b) Income characteristics; in particular rent paying ability, source of income, etc.;
- c) Distribution of age groups, or whether young elderly, middle or older households;
- d) Household composition, whether married couples, widowed or separated, living with unrelated individuals, living with families;
- e) Special disability, whether ambulatory, non-ambulatory, or permanently handicapped.

Since many of the elderly will be living alone, or away from family or past relationships in elderly housing, it is important that the building assist in creating a "community" of persons who interact on a different basis than the mere similarity of age.

In addition to the general household characteristics of the elderly, there are a few special considerations which have received less attention in housing for the elderly recently than perhaps household characteristics would merit. These include (1) need for extra rooms; (2) communal dining facilities.

In many cases, unrelated individuals may prefer to live together. Such arrangements are not infrequent in the community at large and therefore, elderly housing should reflect this "variation" by providing some units which are larger than usual, but which recognize that two persons may not be a married couple (two sisters, or two brothers, for example, might share an apartment), or that some elderly might want the option of extra space for frequent visitors. Space for occasional overnight visitors might be provided "communally" to reduce inefficiency of unused rooms.

Communal dining is another important issue which should receive more attention in current housing design. Many elderly men, for example, or men and women, who are not able may prefer communal dining facilities over the daily

preparation of meals. Communal dining facilities which avoid the "institutional" approach may also provide opportunities for "subsidizing" meals more efficiently and finally can stimulate interaction between residents.

2. Interior Treatment and Standards

The elderly spend a great deal of time within their apartments and thus the individual dwelling unit is extremely important. The following are design considerations which should be made for interior dwelling units:

General Space

a) Apartment entrances should be legible, readily identifiable, with one-way visibility into the hallway to allow recognition of visitors. Thresholds at doors can trip elderly persons; they should be avoided wherever possible. Proper locks should be installed for actual and psychological security but must be openable from outside by master key in case of an emergency. Avoid chains and bolts. The door knob should be easy to see and grasp (36" from the floor is a good height).

b) Living rooms. Adequate space should be provided for several arrangements of the furniture. Allow for the bulky type of furniture that many elderly persons possess. Good views from windows is desirable.

c) Dining Rooms. Enough space is needed for dining furniture and easy access to the kitchen.

d) Bedrooms. Whether a single or double room dimensions should accommodate large-sized furniture (especially a double bed). Windows should be easy to reach and to open. Provide sufficient space to make beds easily and effortlessly.

Specialized Spaces

a) Kitchens. Kitchens should provide sufficient storage for food, china, and cleaning materials, while the height of shelves, worktops and other workspace is important to be "scaled" to the somewhat more limited reach of the elderly. The height of shelves should be ascertained by allowing for the upward and downward reach of an old person and his/her eye level. Also allow for the hindrance to reach caused by a counter below. (For a diagram see Appendix A). Average eye levels range from 49"-64" for a standing elderly person. The minimum reach of a tall person is 33" from the floor; that of a short person is 25". Shelves should be mounted no lower than 23" or the amount of bending becomes difficult. Worktops should be at a constant level (preferably 34" for an ambulant person). Work space should be a minimum of 3'6" side and 1'9" deep. Workspace on both sides of the sink and range is recommended.

Because the elderly have lost some sense of smell and sight, safety features should be installed in each appliance.

b) Bathroom. (For diagrams, see Appendix B.)

Bathtub: Baths should be flat-bottomed and not long enough for an old person to become completely immersed (5' is a good length). There should be a rubber mat on the bottom of the tub to prevent slipping. It is difficult for an elderly person to step into a bath; the tub's rim should be no higher than 15" from the bathroom floor. To assist the elderly in getting into the tub, poles should be provided. A vertical pole running from floor to ceiling should be on one side of the bath- its diameter should be 1-1/2" for easy gripping. It should also be covered with a non-slip material. In addition, there should be a horizontal hand bar running along the rim of the tub and a handle mounted on the wall 36" from the faucet end of the tub. Faucet handles should be easy to grasp. A spray hose is useful. An emergency bell should be accessible from the tub if possible (connecting up to the manager's suite).

Shower: Should have a non-slip floor surface. The hot water supply should be thermostatically controlled (at 120°F). A wall-mounted seat and grab-bar are also recommended. A hand spray is desirable. Here, also, an

emergency bell should be provided. Towel bars should be able to take 300-500 lbs. pull should a person's weight be applied suddenly. A sliding door of translucent plastic is preferable to a curtain. However, if a curtain is used, the rod should be able to withstand 300-500 lbs. pull. The shower compartment should be curbless with 3/4" x 4/6" minimum square feet.

Water closet: Minimum height for the seat is 1'3". The seat should have a cover lid. Provide grab bars beside it. The angle of the rail is 50°. Its diameter should be 3/4"-1". It should take a 300-500 lb. pull. If placed adjacent to the tub, the water closet provides a convenient seat for easy access to the tub or for foot soaking. The water closet must be easily accessible from the bed.

In addition, the bathroom doors should open outward and be openable in case of an emergency. The bathroom should be properly heated. The towel rails and hand basin should be at a convenient height and safe to lean on.

Ventilation, Heating, Lighting, and Noise

a) Ventilation. Elderly are sensitive to drafts. Those from doors and windows are best reduced by weather-stripping which reduces the ventilation rate to 0.5 air changes/hour. 600 cubic feet of fresh air per person per hour is needed to eliminate body odors. A flue can increase the rate of air exchange for the purpose of eliminating

odors. A fan should be provided over the range to get rid of cooking odors.

b) Heating. Body heat is naturally warmer at the head than at the feet so heating should be applied at floor level. Drafts should be avoided through weatherstripping of doors and windows or by other means. A constant temperature of 70° should be maintained. Elderly chill easily and are sensitive to variations in temperature (a variation of $\pm 5^\circ$ is acceptable). Night temperature should be maintained around 50° to insure restful sleep and also to allow for the fact that elderly are prone to colds and infections. Individual control of heat must be possible and these controls must be easily accessible. An additional and separate heating component in the bathroom is desirable wherever possible. Hot water should be controlled thermostatically and it should be available year-round.

c) Lighting. The elderly need 2-3 times more light due to their faltering eyesight. Convenience outlets should therefore be frequent and easily reached for lamp cords. Night lights between bed and bath are also necessary. Ceiling lights are desirable for any hallways in the apartment. Switches should be 3'0"-3'6" above the floor. Convenience outlets should be 2'0"-3'6" above the floor. The type of lighting should be indirect lighting and task lighting.

d) Noise. Elderly are basically quiet people but wherever noise does exist, they lack the mobility to avoid it. Acoustics and insulation are therefore important. Especially important is insulating the tenant from noise in the corridors and the outside, for these are the areas the elderly most often complain about in regard to noise. As much soundproofing as the budget will allow is recommended.

Other Interior Considerations: Storage, Interior Circulation, Windows, Walls and Floors

- a) Storage. Storage should be provided for:
- a. clothing
 - b. linen
 - c. cleaning equipment
 - d. items collected by the elderly over the years

Sliding doors are easy to use. Adjustable and shallow shelves are recommended.

b) Circulation. Must provide safe and easy access throughout the apartment. In particular, the path from the bed to the toilet must be barrier free and relatively short as elderly frequently use the bathroom during the night. Clearance width for the ambulant elderly is 2'6".

c) Windows. Windows are a very important feature to the elderly as they spend much of their time looking out of them. They must be able to provide a clear view for someone standing or sitting (see Appendix C for diagram). They must be easy to reach, to open, and to clean. Providing

impervious sills is excellent for plants, a favorite hobby for many elderly. Elderly on first and second floors are afraid to leave their windows open and often will have them securely shut on a hot summer day, out of fear. It is recommended that windows be designed so that they may be open for ventilation without reducing the security of the dwelling.

d) Walls. Should be easy to clean and maintain so smooth surfaces are preferred. The elderly often lean on walls for support rubbing and touching its surface. The wall surface should be able to withstand this contact. Painted walls do not suffice. Vinyl wall covering is recommended.

e) Floors. Carpet is a good flooring because of its cushion affect in case of falls but a hard surface is better for the disabled. Cork flooring is a good compromise. The floors should be treated with non slip finish. Avoid thresholds. Flooring should be warm, quiet and resilient. It should also be easy to clean and maintain. Floor heating is advised where applicable. In the bathroom, it is very important that the floor not get slippery when wet (cork and lino are not acceptable floor coverings). (Note: For all of these design standards, some standards may vary with different sources.)*

*See Bibliography for various sources on design standards.

B. Public Spaces, Circulation, Security, and Common Activities

A very large part of the comfort and viability of elderly housing depends on careful attention to the design organization of public spaces. These should allow for ease of movement and access, but also provide for security and a sense of orientation for those somewhat handicapped in motor movements and visual perception. In addition, however, elderly households tend to become more isolated in their living patterns in a housing community. Services and space devoted to them should therefore be organized to "capture" the elderly and increase interaction with the housing community. In many cases, provision of communal activities can reduce isolation both inside projects and with elderly households who remain outside in neighborhoods.

1. Circulation (See Appendix E for diagram.)

The following examines standards for corridors, stairways, and elevators.

Corridor walls should be different colors at each floor to provide the elderly with a sense of orientation. 60" is the minimum width allowed for the corridors: 72" is preferred especially when two wheel chairs need to pass one another. A continuous handrail should be provided in every corridor, 36" above the floor is the appropriate height. Provide adequate acoustics and ventilation. Long

straight corridors are psychologically disturbing because of their institutional effect. However, breaking up a circulation corridor too much causes disorientation and panic. A compromise between these two extremes is suggested.

Stairways should be used only in case of an emergency. Design should minimize the feeling of danger. Having windows at each landing allows for surveillance against crime. Stairs should have wide treads and low rises (minimum tread allowed is 10" and the maximum rise is 7"). Stairs should be well lighted at all times. A continuous handrail on both sides (1-3/4"-2" in diameter and a minimum of 1-1/2-2" away from the wall) should be provided and handrails should be easy to grasp. A seat should be provided at each landing (if the elevator is broken and an elderly person must climb many stairs, this is essential for health reasons). Treads should be non-slip and open risers should be avoided. There should be no direct opening of a door onto the top of a stairway. There should be a wide landing at each entrance to the stairs to steady the person before beginning ascent or descent of the stairs.

Elevators must be large enough to accommodate a stretcher: the ideal size is 7'9" x 5'1". Doors must be self-leveling. Doors must be slow in closing for the safety of wheelchair users. An emergency alarm system should be provided with buttons within the reach of

wheelchair users with easy-to-read numbers. A fan, light, and handrail 3'3" above the floor should also be provided.

2. Security

One major priority of the elderly is security. Security can be increased through property design. As suggested by one critic, Oscar Newman in his study of housing, Defensible Space, security can be improved by the following six design considerations in public spaces:

- a) Increasing surveillance. Having lobbies located on the ground floor with double glazed glass walls or doors so that those in the lobby have full-view of anyone entering. Also, apartment windows should provide the tenant with a full view of people coming in and out of the building entrance (either front or rear entrance).
- b) Designating territory: By delineating the property around each building into clearly defined areas which say to an outsider "this belongs to the residents." Areas so delineated tend to not be used by non-residents and the appearance of an outsider is more easily recognized and more closely watched.
- c) By generating activity you increase security--again, by surveillance. Activities should be so designed.
- d) Mechanical systems can be designed for the elderly apartment buildings to provide security:
 - a) TV monitoring device
 - b) Intercom and emergency bell systems

e. There should also be a live-in manager who is there around the clock, who has the monitoring system and bell/intercom systems connected to his/her suite. The suite should be composed of an apartment and office located on the ground floor right off the lobby for surveillance and easy accessibility for the elderly.

f. Entrance doors should obviously have the necessary lock system for maximum security.

All of this should be provided in addition to the security provided by policemen and security patrolmen

3. Common Activities

When concerned with the designing of activity areas, one must be cognizant of the different types of activities for which one is planning.

1. Private: sitting, relaxing, visiting, reading, sleeping, radio, etc.
2. Semi-Private: bathing, washing, dressing, etc.
3. Operative: laundry, cleaning, creative (sewing, hobbies, gardening, etc.), cooking, eating.
4. Semi-Public: recreation (quiet games, reading, horseshoes, etc.), drinking, entertaining (movies, music, etc.).
5. Public: entering.

This determines whether the individual dwelling unit or a communal space is allotted (or both) for a given

activity. There is further delineation of activity types such as quiet and noisy, leisure and work, etc.

The activities must then be applied to the case of the elderly to determine their relevancy--is swimming an activity that many elderly will participate in or would table tennis be more popular for more elderly. While it is impossible to plan activities to suit everyone's needs, for those activities that cannot be designed into the building, there should be accessibility provided to other areas that have such activities. The following represents a suggested list of activities included in elderly homes in other cities and other countries that have proven to be very popular:

- | | |
|---------------------|---------------------|
| 1. arts | 14. painting |
| 2. crafts | 15. lectures |
| 3. sewing | 16. bible study |
| 4. tailoring | 17. first aid class |
| 5. quilting | 18. reading |
| 6. dressmaking | 19. chess |
| 7. physical fitness | 20. checkers |
| 8. meditation | 21. jigsaw puzzles |
| 9. choir | 22. hobbies |
| 10. bingo | 23. gardening |
| 11. horseshoes | 24. visiting |
| 12. table tennis | 25. billiards |
| 13. cards | 26. music |

The ground floor should be the area allocated for most of these activities. It should be designed with enough flexibility to adapt to change in tenant activity preferences. Spaces should also be used for multi-purpose. For example, an auditorium for guest speakers could double

as a chapel; a communal dining room could be used for baking classes, or close off the kitchen and use the tables for arts and crafts classes. Some rooms might be single-purpose, such as a billiards room but such designs are more costly because you get less use out of the same amount of space. Areas should also be devoted to small groups of elderly; for example, rooms could be designed for men's clubs or ladies' sewing rooms to provide a sense of group identity. A main lobby off the public dining room and facing the street is recommended. People can sit and watch outside activities, visit and fix coffee or tea in the kitchen. The mail room should also be placed near the kitchen and a conversation area so that the elderly can have a coffee/social hour at mail time. A quiet games area at the entrance is suggested to insure activity at the building's entrance providing surveillance through the activity generated.

In addition to the main common facilities on the ground floor, small lounges on each floor provide a convenient meeting place that is suited for only a few people. There should be a cluster of furniture to provide a conversation area and a table for use for cards, checkers or other table games. Old as well as new furniture should be used to give the room a homey feeling, thereby avoiding an "institutional" look. Residents should be encouraged to add their own

decorating touches to these small lounge areas to personalize them and to increase their identification with this space as theirs. TV sets are not encouraged. They are expensive and studies show that they are underused in small lounges. Included should be a kitchenette where food and drinks can be prepared and served. These small lounges are important because studies show that many elderly do not participate in organized activities but prefer reading, visiting, and other quiet activity.

Because the buildings at Columbus Homes are tall, those elderly on the top floors could easily feel isolated and become withdrawn; withdrawal is a serious problem among elderly. Therefore, it is strongly recommended that the rooftops be glassed in and a greenhouse/solarium be created. Gardening and growing plants is a favorite hobby of many elderly. It is wise to generate activity at the top floor as well as the ground floor to encourage circulation and interaction throughout the building in an attempt to combat social withdrawal. If the top floors still prove to be unpopular, several apartments could be designated as guest apartments for visiting friends and relatives. Although the elderly prefer living among their own age group (generally) they do like to keep in touch with family and friends.

Retirement often robs men of their sense of usefulness. Therefore it is suggested that woodworking and other shops be set up in the basement so that men can seek a "work-substitute." If room in the basement is not available, provide means of sending elderly men to places where they can work (local schools, shops, etc.).

Services also need to be considered in designing for the elderly. The building should have a central laundry room with the proper equipment. A communal dining room is strongly recommended to aid in providing nutritional meals, inexpensively. Malnutrition is a serious problem among the elderly. Also, it is often more expensive to shop for one than it is to purchase inexpensive meals. A manager's office and apartment should be designed so he/she can provide optimum service to the elderly. It should be located near the entrance for surveillance and should be equipped with an emergency bell system and a TV monitoring system. A beauty parlor/barber shop is suggested to encourage the maintenance of good-grooming and instill pride in oneself as a person. This should be opened to the community; if the elderly fear this idea, provide restricted beauty services but locate it outside the building, elsewhere on the site to encourage interaction with the outside world. Elderly have other service needs of course such as shopping, transportation, etc.

Where there are two buildings being converted or built for elderly use, as in the case of Columbus, it may be advisable from a cost standpoint to share various services or major activity areas (i.e., communal dining room or auditorium) between the two buildings rather than duplicating. However, it must be recognized that such an arrangement will cause some elderly to forego that activity or service rather than leave his/her own building due to health reasons, or the inconvenience caused, or fear of crossing the site.

D. Other Ground Floor Uses: Commercial and Community Activities

The ground floor of elderly housing often offers opportunities for non residential development, including some commercial or community facilities. While there are major difficulties in mixing such uses, it is nevertheless an important concept with positive social consequences. Notably the generation of activities is increased by traffic to such facilities. Currently, the New Jersey Housing Finance Agency accepts the concept in principal in its Minimum Design Standards.

Stores, other rentable commercial space and professional apartments may be provided upon satisfactory evidence of need in connection with the project and its immediate environs, and rentability thereof.*

It is equally possible that Federal programs would accept a similar concept, provided that financial and cost requirements were met. Assuming that space development is

feasible, several types of mixed uses might be investigated as good partners with elderly housing:

1) Banking activities: Studies in Europe suggest that banking activities make compatible uses in housing for the elderly. The threat of intruders is reduced because of the constant flow of bank customers and the absence of lingering visitors.

2) Day care centers: These facilities could be provided for young children in neighborhoods where elderly housing is located and many elderly women enjoy caring for small children. Children may benefit with possibilities of "surrogate grandparents."

3) Libraries: Libraries and reading rooms can provide quiet activities which nevertheless are generators of healthy traffic. The elderly themselves can benefit from the available reading materials.

4) Postal facilities, other public offices. Public office activities also generate activities which create a manageable flow of people.

While the programmatic and economic feasibility, as well as locational requirements for these kinds of activities are beyond the scope of the current report, it is likely that one or a combination would make viable space users, creating a mutually beneficial relationship with the housing community.

E. Site Considerations

Elderly housing comprises more than the immediate building and its interior space. It extends, from the perspective of the community to the site and the immediate neighborhood. While most of the relations of site and neighborhood have been covered earlier in this report, it is suggested that considerations be given to creating of amenities on site which contribute both in service terms and in leisure time activities to residents. Land scaping should include passive sitting areas and some quiet game areas enjoyed by the elderly such as chess tables, shuffleboard, etc. Gardening might also be considered. Other site amenities which differ little from family housing include access to public transportation (or special waiting facilities, if appropriate), parking facilities, provisions to reduce likelihood of traffic accidents from street crossings, etc.

F. Cost of Providing Good Design

Costs are an important consideration in a building's implementation and particularly important where subsidized housing programs severely limit per unit costs. At the same time, however, there is an increasing recognition by housing experts of the social costs associated with absence of amenities or realistic provisions of facilities associated with broader society's standards. Thus, while most of the

elderly are poor, they expect the same quality environment of those better off and will react accordingly.

Another way of looking at costs, however, is that those costs which imply a higher initial investment, may prove frequently to be less costly. Building good design which is adaptable and flexible to changing standards stands less of a chance of becoming "obsolescent" before buildings are worn out structurally. Higher initial investment also may reduce maintenance costs. Since the elderly are households who tend to "underoccupy" units and further, cause little wear and tear on their buildings, some increased investments in amenities may be justified

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37. Photographic records made from several visits to the site.
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APPENDIX A

SOURCES

Housing for Old People by the Scottish Development Department

Some Aspects of Designing for Old People, by the Ministry of Housing and Local Government

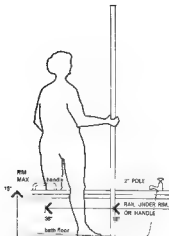
APPENDIX B

Sources

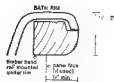
Building Standards for the Handicapped 1970, by the Associate Committee on the National Building Code, National Research Council of Canada

Housing for Old People, by the Scottish Development Department

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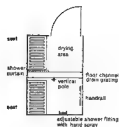


Information on aids for getting in and out of a bath, pole handles and rim
Minimum dimensions for bath rim from floor



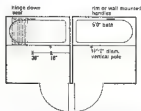
SECTION

Section of bath rim adapted for easy gripping

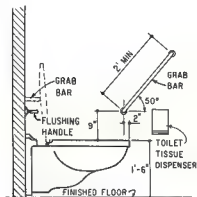


SHOWER Plan

Plan of shower room showing seats and aids



Plan of bathroom showing handling to suit people with disability of either right or left leg and position of pole axis

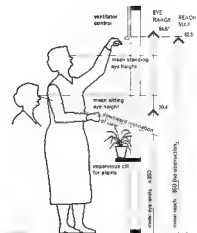


APPENDIX C

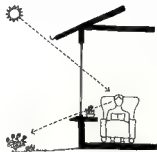
Sources

Housing for Old People, by the Scottish Development Department

Some Aspects of Designing for Old People, by the Ministry of Housing and Local Government



Information for window design giving range of eye levels
 glazing bars should not occur within this range
 Maximum reach for ventilator external gear



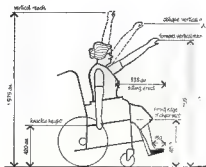
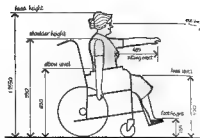
APPENDIX D

Sources.

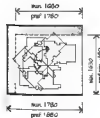
Building Standards for the Handicapped 1970, by the Associate Committee on the National Building Code, National Research Council of Canada.

Housing for Old People by the Scottish Development Department

Anthropometrics
chairboard women



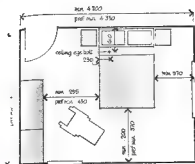
9. Small wheelchair forward movement



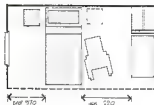
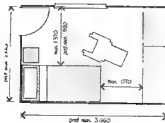
11. Small wheelchair turn through 180°



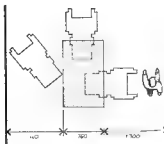
10. Small wheelchair forward turn through 90°
preferred minimum space



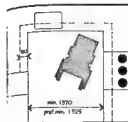
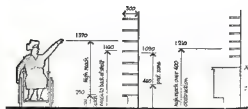
Furniture arrangements in bedrooms which allow
sufficient space for a chairbound person to slide into bed



42. Dining areas for wheelchair users



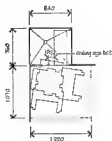
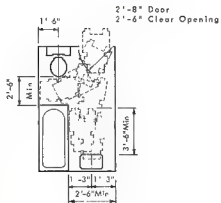
23. Kitchen shelf heights—wheelchair users



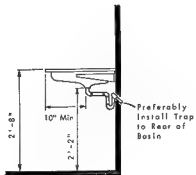
24. Planning kitchen for wheelchair users



25. Knee recess for wheelchair users



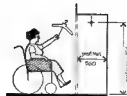
20. Small shower cubicle for wheelchair users



34. Opening width of side hung doors for wheelchair users

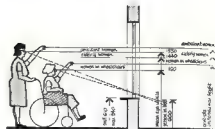


35. Clothes storage for wheelchair users



36. Storage for wheelchair users

41. Window data



APPENDIX E

Sources

Housing for Old People, by the Scottish Development Department

Some Aspects of Designing for Old People, by the Ministry of Housing and Local Government

§3.3.2. Stairs should have plain faces. Open nosing, or edges projecting out over the face of curved nosing are *not* recommended.

§3.3.3. Stairs should have nonslip surfaces.

Terrazzo stairs can be finished with aluminum oxide abrasive to make them nonslip; stairs of wood or steel may be covered with precasted treads or carpeting, if desired.



The nosing of the top riser of an access staircase should not be closer than 300 mm to the wall return, for safety reasons.



31 Abrupt square nosings should be avoided.



32 HANDRAILS

Handrails and balustrades must be securely fixed, and easy to grip. A circular section of 40 to 50 mm is most satisfactory. Rails having sharp edges are difficult for elderly and arthritic people to grip.

C. Service Needs for the Elderly. Development of an Elderly Multiservice Center for Columbus Homes

The purpose of this study component is to develop a framework for a multi-service center for the elderly for Columbus Homes. Under the Target Project Program, it has been proposed that two of the existing high rise buildings at Columbus be converted to elderly units. These will provide living units for approximately 352 elderly persons with an equal number in each building.

The concept of providing social services for the elderly within public housing itself is relatively new. In 1974, the Housing and Community Development Act under Section 8 provided a link between the Departments of Housing and Urban Development and Health, Education and Welfare in their funding of services in public housing for the elderly. In the past, the opportunity did not exist as readily to plan a large-scale multi-service center along with the housing itself with the assurance of federal money to support such services.

Columbus Homes provides the opportunity to start anew, assessing the special needs of the occupants of public housing in Newark. One can think about how the center can best meet those needs. This entails a study of the services that public housing can provide its residents and what role a center can play in the life of the building. A center is more than a recreation and information facility.

It can be planned as a gathering place so that it becomes a vital and integral part of daily life of the residents of Columbus Homes.

1. The Need for Services

Most elderly in Newark public housing are living on fixed incomes. The average annual income for elderly families there is \$3,054, although the average income per capita in most elderly buildings is less than \$3000. While nonelderly residents on the average spend 16% of their income on rent, the elderly spend 20% of their income.

In addition to their homes, the elderly have other difficulties that justify the special attention to be paid to services within their housing. These include poor health, limited mobility, and lack of social resources, resulting from the passing away of friends and relatives.

Many face difficulties in maintaining their households. A survey of persons 65 and over taken throughout the United States revealed the following needs for assistance among the poor:

<u>Need for Assistance</u>	<u>% of Men</u>	<u>% of Women</u>
Household chores	59	28
Laundry	67	32
Bathe	11	8
Prepare Meals	55	16
Shop for Food	40	31
Shop for Clothing	36	31
Maintain Living Quarters	58	82

These statistics point out the need men have for assistance with their daily chores. In Newark, approximately one out of every three elderly residents is male.

Out of the 5,461 elderly residents in public housing, 1,342 are disabled, almost 25 percent. The waiting list for elderly of the Housing Authority shows a preponderance of elderly who intend to live alone, although only two percent say they are disabled. The majority of the applicants are female.

There is also the need for services that ensure mental well-being, drawing the elderly into contact with others by providing space and activities for socializing. At present, community facilities are run primarily as day centers. It would seem preferable to encourage informal socializing in the center as an activity without set hours.

Four major fears of the elderly have been identified.²

These are:

- Fear of loneliness and change.
- Fear of sickness.
- Fear of uselessness.
- Fear of economic insecurity.

A multiservice should be designed as an attempt to alleviate these fears, allowing the elderly, including the physically disabled to lead an active, fulfilling life.

The HUD-HEW Proposal³

Included in the HUD-HEW proposal for social service delivery developed by the NEA was a plan for Senior Citizens

Multipurpose Centers. These centers would consist of two components.

1. Senior Citizens Day Care
2. Multipurpose Recreation Service

Within this context the following services would be provided:

- Homesnaker services
- Visiting Nurse Services
- Health Counselling
- Diagnostic Health Services
- Personal Counseling
- Casework and Referral
- Public Information
- Congregate Meals (Limited to Day Care)
- Daily Snacks
- Recreational Activities

2. Limitations of the HUD-HEW Proposal and Recommendations

The HUD-HEW Proposal, as currently planned for existing public housing in Newark, ought to be expanded in the case of Columbus Homes, where there is the opportunity to plan the physical facilities along with the service activities. For example, the center is seen here as operating primarily between the hours of 9:00 A.M. to 4:30 P.M., Monday through Friday, with morning programs for the participants in the day care component. At Columbus Homes, however, the center would also be open at night and on weekends. It is not only for organized activities but also should be planned to operate as an informal meeting place for the residents of the building.

Health services, while an essential part of the buildings for elderly citizens, are not to be located within the multiservice center itself. In order for the center to retain its positive connotation as a healthy, cheerful place, it is best to be free of elements which remind one of sickness or create the atmosphere of an institution.

In the program for Columbus Homes, the day care component is submerged through the expansion of personal care services. The places open in the day care component for the entire Columbus Homes project is 25. Out of the 140 current residents, 60 fall within the category of disabled. Several, however, are living with families.

Ideally, there should be enough places for all the elderly disabled living there. If 20 percent of the residents were disabled, at least 70 persons ought to receive these intensive services in the proposed elderly units. Given the existing physical facilities in public housing in which a day care program is to be run, not to mention the limited financial resources, limiting the program to 25 persons is reasonable.

The marginal cost of providing these types of services to additional persons given adequate physical facilities would appear to be low. In the Columbus Homes program, specifically designed to accommodate a large clientele,

it would be possible to provide a more extensive version of elderly day care.

3. The Multiservice Center

The multiservice center is the focal point of the building, a place where residents can come and go at will and feel at home. There are three major components:

1. Personal care services
2. Recreational and educational activities
3. Lounge

Each is designed to fulfill different needs, but are not intended to be mutually exclusive.

a) Provision for Two Separate Centers

Although this report refers to a singular center, it is desirable to design a separate center in each of the two proposed elderly buildings at Columbus

There are several reasons for this. First, the center is seen as a meeting place for residents. If the elderly have to go to another building, they are less likely to use the center and its services. Since some of these services are of vital importance, it is necessary that they be closely tied to the residents. Second, after dark, the elderly are not apt to venture out alone to socialize in the next building because of threats to their safety. Third, going to another building, where the faces are strange,

the elderly do not feel welcome. In one existing project in Newark, where a center is located in only one of the two buildings, very few residents from the other building participate in its activities because they feel like outsiders. While residents partake of food services at a price in their own buildings, they skip the free hot lunch served in the other once a week. Fourth, many cannot leave the building at certain times due to their health.

A center in each building would allow services to easily reach a larger number of people. This means two centers each serving 176 residents rather than one for 352 persons. In a smaller center, it is easier to draw out the more isolated elderly.

Communication between the two centers is to be encouraged. Activities and outings can be shared as much as possible. Specialized staff can divide their time between the two centers. A common outdoor recreational facility will link the two centers.

b) Personal Care Components

This is largely an extension of those services outlined in the HUD-HEW proposal that are designed to promote independent living. These include homemakers, visiting nurses, counseling, referral and information services, contract services, legal services, and congregate food programs open to all.

Many elderly are institutionalized unnecessarily when a few supportive services could enable them to remain in their own homes. Independent living is to be preferred for the mental well-being of the individual and the lesser cost to the public. When one takes the cost of keeping an elderly person in an institution and adds to that the rent that person must pay for his own home, it costs less in the long run to provide supportive services. Usually, the need for supportive services is temporary. Many men are unable to keep house and need assistance and training.

A central information and referral service for this component is essential. The Housing and Community Development Act of 1974 in Section 8 encouraged services designed to assist the elderly in using services and facilities. Often, the elderly are timid in approaching agencies and those in authority. The agencies sit back and wait for the elderly to come to them. These roles must be changed.

The central office should keep in touch with the residents of the buildings, making them aware of the services available through newsletters, bulletin boards, and personal contact. Residents should be able to drop in at any time. Much of the information service can be handled by the residents themselves on a volunteer basis.

From the center, residents will be referred to the counseling, legal, and contract services, to the services of homemakers and visiting nurses, and the services of

outside agencies. A number of homemakers and counselors should be specifically attached to the center, providing personal care as well as training.

A food program, providing one hot meal each day, is to be provided. Title VII nutrition funds are available to offer many of these meals for free. The elderly may pay for the remaining meals with food stamps. Many residents, particularly men, would like to be relieved of the burden of cooking for themselves or prefer to eat in the company of others. Those presently surviving on tea and toast must be encouraged to participate in such programs. Poor nutrition leads to poor health and institutionalization.

It should be noted here that special bilingual personnel will be present to assist the Spanish-speaking residents. Many of the current elderly residents at Columbus belong to this group. Many of the Spanish families may want to have their elderly relatives in the nearby units.

c) Recreational and Educational Activities

A number of regularly scheduled activities will be offered to the residents. These will be modeled on the current programs offered by the Newark Golden Age Project in conjunction with the Division of Family and Community Services. The program is outlined in the HUD-NEU proposal.⁶

In addition, there will be a number of evening entertainment programs including movies and concerts.

Since many of the current activities are oriented toward female residents, greater attention should be paid to the provision of activities for the male residents. This might include special classes dealing with problems specific to elderly males such as a cooking class for men or activities appealing primarily to men such as carpentry or pool. Developing a comradeship among the men is important to get them to organize some of their own activities.

d) The Lounge

The lounge is designed to draw individuals from social isolation into the presence of others. It will also provide a few miscellaneous convenience services.

In the lounge will be a small food counter which can provide beverages and snacks for the residents at a nominal cost. This service is to be run by the residents. Food stamps may be used here. The lounge encourages residents to use the multiservice center and promotes encounters by giving residents an excuse for entering the center and just sitting around. The demand for this activity is evidenced from residents of elderly housing in Newark who bring their own chairs down to the building entrances where they can sit and watch. Unless it is encouraged, many residents might feel uncomfortable doing this in a center of activity.

The lounge will also have a counter selling newspapers and items made by the residents. There will be a small

library and possibly a television.

4. The Implications for Physical Design

To make the center a focal point for the building, it should be located on the ground floor next to the lobby. It is preferable to have at least part of it exposed to the lobby. This ensures that the activities of the center will be in plain view of those entering and leaving the building. Thus, the resident will be continually exposed to the center, making it less ominous a place. Its location at the entrance may help to lend an air of informality.

a) Physical Requirements for Activities

1. The center should provide a large flexible community space that can be used for large gatherings and congregate dining, but can be partitioned for smaller group activities. This effect could also be achieved by a large open area broken architecturally into smaller units. This provides community and intimacy at the same time.

2. The offices which are part of the personal care component should be located off of the community space with a couple of smaller rooms for workshops and classes.

3. The lounge should be incorporated into the community space next to the kitchen and close to the lobby.

5. Organization and Staff

The multiservice center serves as a forum for the residents of Columbus Homes. Insofar as possible, it should

be run by the tenants. A tenant's board of five persons elected by the tenants would work with the center director in overseeing all of the activities of the center. They would make suggestions for new services and other improvements. It is advisable that this board be elected annually to assure that no person or clique dominates the center.

Within the center is a central office. Located there is the center director who is in charge of all three components of the multi-service center and acts as a liaison to outside agencies and groups.

In the personal care component, the number of homemakers and counselors should depend on the specific need of the tenants for these services. A survey of tenants should be made to see how much staff is required so that all needing personal care receive such assistance. The staff will come from the Division of Family and Community Services. Other staff from outside agencies may be called upon as needed. Additional staff to work in information and outreach services will be elderly volunteers who will receive special training. Cooks for the food program will also be elderly persons from the RSVP program. The nurse for the center would be obtained from the visiting nurse program.

The recreational and educational activities will be conducted through the Newark Golden Age Project. A few specialists will be provided through the HUD-HEW program

of the NRHA. Supportive staff will be comprised of elderly volunteers, some of whom may be part of the city RSVP program.

Activities in the lounge will be organized and conducted entirely by tenants under the supervision of the Tenant's Board.

6. Funds and Ties with Other Agencies⁷

A major source of funds for the center will be the HUD-HEW program (Initial funds for the center come from the TPP program). Since the proposal is not specific to the elderly but includes a range of services to tenants, it remains to be seen whether the elderly will be able to get their fair share. Part of the purpose of the center is to organize the elderly so that they may wield substantial enough power to obtain needed funds.

The nature of funding for social services for the elderly necessitates cooperation with other agencies in Newark. Federal funds for various programs are available through the state and its section on aging. However, in the existing structure the NRHA must share these funds. This forces it to compete for these funds with other agencies in the city working with the elderly.

In the personal care component, HUD-HEW funds will provide homemakers and counselors. For the remaining services, ties must be maintained with other agencies, particularly the Office for Elderly Affairs.

The recreational and educational activities component has been run in the past by the Newark Golden Age Project. To secure the necessary resources to carry out this program, it is advisable that this tie be maintained.

The Golden Age Project currently operates an elderly center at St. Lucy's church, which is next to the proposed units at Columbus. Religion plays an important part in the lives of the elderly. Ties between St. Lucy's and the centers at Columbus ought to be encouraged. One tie might be in the form of joint activities and resource sharing, setting up a three-center system.

The NRHA should investigate ties with other churches as a source of assistance. Since the elderly comprise a significant part of city congregations, churches may be willing to take an active part in providing services to the elderly if they are asked.

Conclusion

The responsibility of the NRHA should be to set up the infrastructure for the center, providing the physical facilities and specialized staff. From there, the elderly themselves working with the NRHA and other agencies can design their own center and its activities to suit their needs.

¹National Council on Aging, The Golden Years, a Tarnished Myth, Washington, January 16, 1970, p. 55.

²Alice Brophy, "Community Facilities and Services" in National Council on Aging, Building for Older People, New York, 1961, p. 2e.

³Newark Housing Authority, Social Service Delivery System, October, 1974.

⁴A follow-up study was recently completed on the Victoria Plaza elderly public housing in San Antonio, Texas, which has served as a model for elderly public housing in the United States because of its special design and provision of social services for its residents. After the 8 years of operation of the project, Frances Carp finds 90% of the tenants rating the project as "good" or better. Her findings are reported in the Gerontologist, February, 1975. The HUD Challenge, May 1975 reports her work and in a separate article reports on the success of the multiservice concept in San Antonio as a whole.

⁵See Special Committee on Aging of the U.S. Senate, Alternatives to Nursing Home Care, A Proposal, October, 1971.

⁶Newark Housing Authority, op. cit., p. 48.

⁷See Appendix.

Obtaining Funds for the Center

Item

Physical facilities and furnishings

Supplies

Center Coordinator and Staff

Homemakers
Counselors

Elderly Volunteers

Nurse

Additional Counseling and
Personal Services

Food Program

Cooks

Recreation and Education

Lounge

Annual Costs to NRHA for Supplies (does not include furnishings)

Office supplies	\$1200
Telephone	600
Postage	300
Duplicating	100
Recreation materials	800
Cleaning and kitchen materials	100
Supplies for nurses	200
First Aid supplies	125
Total	\$3425

Source of Funds

TEP Project
HUD-HEW

HUD-HEW

NRHA

HUD-HEW, Title III: Older
Americans Act

RSVP Program

Visiting Nurses Program

Other Social Service
Agencies

Title VII Funds, Food Stamps

RSVP Program

Golden Age Project

Self-Supporting, managed
by tenants



5

FEASIBILITY OF COOPERATIVE CONVERSION IN
ROOSEVELT HOMES

PART 5

FEASIBILITY OF LOW INCOME COOPERATIVE DEVELOPMENT
CONVERSION OPTIONS FOR ROOSEVELT HOMES

During the past few years, the conversion of public housing authority projects to some form of tenant ownership has been given increasing consideration. The Turnkey III program and the new provisions included in the 1974 Housing and Community Development Act are evidence of this interest. The purpose of this part of the study report is to analyze the feasibility of converting Housing Authority projects to one form of ownership the cooperative

A cooperative, as it applies to housing, simply means joint operation of a housing development by those who own it. The corporation's "Articles of Incorporation" and "By-Laws" are designed so that the corporation can be owned and operated by its members or stockholders. A member of a cooperative does not directly own his dwelling unit. Rather, he owns a membership certificate or stock in the corporation which carries with it the exclusive right to occupy a dwelling unit, and to participate in the operation of the corporation directly as an elected board member, or indirectly as a voter. A cooperative is a unique form of ownership as the corporation holds title to the dwelling units and directly assumes all costs. Each member signs an 'occupancy agreement' with the corporation. This agreement requires that each member pay his prorated share of the buildings' mortgage value and the annual operating budget of the

cooperative. The payment is thus equivalent to the cost of the dwelling unit occupied plus a share of all common space. If a member decides to leave the cooperative, his 'stock' can be sold in accordance with its transfer value that is set by the by-laws.*

The report evaluates the feasibility of conversion of existing Federally financed housing to cooperatives. The report is divided into two parts. The first section looks at some of the general background issues relevant to cooperative conversion. In particular, legal issues involved in conversion, management forms and the types of government subsidies available to assist conversions are examined. A second part of the section looks at several questions of feasibility of conversion with a specific focus on Roosevelt Homes as a case. Included are: the potential market for cooperative conversions in Newark, including the existing public housing households and broader city households as a market; the impacts of conversion on operating expenses and finally; options for financing alternatives. Four basic options are tested for financial feasibility based on alternative cost assumptions of capital and operating costs and subsidies.

One note of caution should be exercised. While the report suggests some preliminary findings, a detailed

* This description of cooperatives is taken from "Basic Cooperative Housing Insurance Handbook" FHA Circular 4550. 1 May 1973, pp. 1-1 to 1-2.

feasibility of actual project conversion was beyond the scope of the current report. Many of the costs, for example, are 'best information' available during a brief study period, and subject to considerable modification. Further, a strong emphasis in any actions to undertake dramatic changes such as this one will require considerable attention to the existing tenant structure, the interest of tenants and other Newark households in cooperatives and finally, a carefully designed 'marketing' approach directed specifically for the lower income household, which frequently approaches housing purchases with entirely distinct behavior patterns than exhibited by economically better off households.

A. Legal Issues in Public Housing Conversions

The question of homeownership for public housing tenants is a complex issue involving several potential and real legal problems. This report seeks to identify those problems and to offer recommendations for their solution. The basic content of this report can be broken into two critical areas of legal concern:

- 1) Federal and State regulations concerning low income housing projects.
- 2) Legal problems inherent in the three forms of homeownership examined here: the condominium, the corporate cooperative, and the trust arrangement.

1. The Housing and Community Development Act of 1974

Homeownership for public housing tenant families is facilitated in the Act by authorizing the sale of projects to tenants with the continuation of debt service annual contributions with respect to units sold to tenants.

Section 5(h) states:

"...a public housing agency may sell a low-income housing project to its low-income tenants...without affecting the Secretary's commitment to pay annual contributions with respect to that project, but such contributions shall not exceed the maximum contributions authorized under subsection (a) of this section."

When one turns to subsection (a), one sees that the annual contributions will include only debt service and not the operating subsidy:

"The contribution payable...shall in no case exceed a sum equal to the annual amount of principal and interest payable on obligations issued by the public housing agency to finance the development or acquisition cost of the low-income project involved."

In Section 8, reference is made to the purchase and resale to tenants of structures:

"...agency may purchase any structure containing one or more dwelling units assisted under this section for the purpose of reselling the structure to the tenant or tenants occupying units."

Clearly Section 5(h) and Section 5(a) of the Act are the sections relevant for future conveyance of Housing Authority projects to the tenants occupying them and which establish the legality of conveyance. Stoppage of the operating subsidy and its implications for homeownership will be discussed in more detail later.

2. Federal Regulations--Legal Problems

a) The Bondholder's Lien

The Federal government provides financial assistance through HUD contributions to a housing authority (LHA) covering the full cost of debt service and part of the operating expenses associated with the project. It is within the context of the debt service assistance that the fundamental federally-oriented legal issue arises. The Act authorizes HUD to require an LHA to pledge the payments made under the annual contributions contract (ACC)

"as security for any loans obtained by a public housing agency to assist in the development or acquisition of the housing project to which the annual contributions relate."

In fact, the development costs of public housing projects are financed through the sale of tax-exempt bonds to the public. HUD's requirement that an LHA pledge its annual contributions to secure the interests of bond holders produces a legal impediment to conveyance: the bondholder's lien (legal right to hold property) on the units.

Although the bondholder's lien is a significant obstacle to conveyance of title, it is not an insurmountable one. Section 11(a) of the Act states:

"Obligations issued by a public housing agency in connection with low-income housing projects which (1) are secured ... (B) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Secretary...shall be incontestable in the hands of a bearer and the full faith and credit of the U.S. is pledged to the payment of all amounts agreed to be paid by the Secretary as security for such obligations."

In fact, bondholders would not in practice enforce a lien against the property as they are assured of payment through annual contributions backed by the full faith and credit of the U.S., thus they don't rely on the property as their security.

b) Real and personal property taxes

Another potential problem concerning the feasibility of conveyance deals with real and personal property taxes. A prerequisite for HUD contributions is that a project must be tax-exempt. Section 6(d) states that if a project is not completely tax-exempt, no annual contributions shall be made available for such project

"unless and until the state, city, county...shall contribute, in the form of cash or tax remission, the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project."

There are three principal reasons why it appears that the tax exemption problem would not disrupt annual contributions. First, the language of Section 6(d) specifically refers to the necessity of a "project" having tax-exempt status. If an immediate conveyance plan were pursued (co-operative or condominium), then the structure would no longer be a public housing project in the technical sense. If a trust arrangement (not an immediate conveyance plan - to be explained later) were pursued, the project would retain its tax-exempt status since the LRA would be acting as trustee for the project.

The second reason for disregarding the tax exemption issue is the fact that in the Housing and Urban Development Act of 1972, a variation of Turnkey III appeared whereby title would pass immediately and HUD contributions would still be available despite the fact that the project (now owned by its tenants) would no longer be tax-exempt.

The third and most convincing assurance of continuation of HUD contributions is Section 5(h) itself which states that.

"Notwithstanding any other provision of law...a public housing agency may sell a low-income housing project to its low-income tenants...without affecting the Secretary's commitment to pay annual contributions with respect to that project..."

Selling a project to its low-income tenants would immediately cause the project to lose its tax-exempt status, however, "Notwithstanding any other provision of law" means that we can disregard any other provision of law and so HUD contributions would continue.

3. State Regulations-Legal Problems

Under New Jersey law, a local housing authority is empowered to "sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or interest therein." It appears therefore, that the NHA does have the power to convey property interests in projects which it owns to tenants.

a) Welfare recipients

The issue arises of the eligibility of tenants to fully enjoy the benefits of any interest which may be conveyed. The

problem is that many tenants in Housing Authority projects are on some kind of welfare. Under the laws of New Jersey, this has direct implications for any proposed homeownership program:

"...the board shall take from each applicant a properly acknowledged agreement to reimburse for all benefits furnished; and further that pursuant to such agreement, the applicant shall assign to the board, as collateral security for such benefits, all or any part of his personal property, as the board shall specify."

Thus in the case of a condominium apartment, which is real property, the county would have a lien (legal right to hold property) on the welfare recipient's property; in the case of a cooperative apartment, which constitutes personal property, the welfare recipient would have to assign to the county its shares of stock in the corporation. At this point it is not clear whether or not the welfare recipient could retain the right to occupancy of a dwelling unit while his shares of stock would be assigned to the county. (See corporate cooperative and condominium sections.)

4. Potential Forms of Ownership

There exist two potential forms of ownership which may be analysed for a proposed homeownership program for cooperatives and condominiums. Each form of ownership will have various implications for HUD annual contributions, rent levels, and management practices. Because of this, prevailing social and economic circumstances target Housing Authority projects must be taken into account in assessing each form of homeownership.

a) Condominium

The condominium is a system providing for individual dwelling unit estates to be established within a total and larger property estate. Each individual unit is treated as a separate and distinct estate for real property purposes. The owner of a condominium unit has a fee simple absolute interest in (ownership of a unit with unrestricted right of disposal) and title to this unit. The owner also owns an undivided interest in the common elements of the project which become a common estate to be owned jointly by the owners of the individual estates. The ownership of the dwelling unit and the related ownership of the common elements of the project are considered one entity and cannot therefore be conveyed or mortgaged separately.

2. Financing

The condominium owner finances his unit independently of other owners in the project and pays local real property taxes which are assessed and levied on his unit independent of other units in the project. For purposes of both financing and taxing of the unit, the undivided interest in the common elements of the building associated with the unit are valued, mortgaged, assessed, and taxed as part of that unit.

3. Necessary documents

There are three basic documents necessary to establish a condominium system. The names may vary from state to state, however, generally they are the master deed, the bylaws, and

the deeds. The master deed is the document which legally subjects the property of the project to condominium use. In it, the land on which the building is located, the space of each unit in the building and the associated common elements are described. The master deed also establishes an association which provides for the use and the maintenance of the common estate to be governed by a board of directors elected from among the owners of the individual units. The master deed is recorded in the same manner as are other instruments conveying (deeds) or encumbering (mortgages) real property.

The internal government is controlled by the bylaws which establish the operating rules of the building and rules of the association of unit owners.

Deeds to individual units define and designate the unit(s) conveyed by reference to the recorded declaration. The deeds themselves must be recorded since these are what actually convey legal title of given dwelling units (and associated common elements) to individual owners.

b) Corporate cooperative

1) Definition

The corporate cooperative form of ownership calls for the organization of a corporation to which the land and improvements constituting the project are conveyed. Stock in the corporation is allocated to the apartment units and then sold to the tenants. The corporation then leases the apartments to the tenant-stockholders of the corporation. A member of a cooperative, therefore, does not directly own his

dwelling unit; he owns a membership certificate or stock in the corporation which carries with it the exclusive right to occupancy of a dwelling unit and to participate in the operation of the corporation directly as an elected board member or indirectly as a voter.

2) Financing

The cooperative corporation holds title to the dwelling units and directly assumes a single mortgage covering the project property. The tenant-cooperators are therefore financially interdependent. Thus in the event of a default in rental payments and a forfeiture of stock and right of occupancy under the lease by one tenant-cooperator, the remaining tenant-cooperators must collectively assume proportionate shares of the mortgage amortization and operating cost on that unit until it is leased or sold to another party.

3) Necessary documents

The three basic documents needed for establishing a corporate cooperative are the articles of incorporation, the bylaws, and leases. The charter and bylaws govern the operation of the project. They contain provision for such things as: the form of the lease; decisions requiring stockholder approval; the method of selecting the board of directors; voting procedures; house rules and regulations to govern the occupants of the cooperative; and assignment and sale of stock and subletting of apartments. The lease is a "proprietary" lease which differs from the ordinary apartment lease insofar as the rent is not fixed for the period of

the lease. The proprietary lease provides that the tenant-cooperator will pay maintenance, which consists of a proportionate share of the amortization of a blanket mortgage on the project and expenses of maintaining the premises including real estate taxes.

To set up the cooperative, the tenants would organize a non-profit stock corporation which would purchase the property of the project from the LHA. Using the Turnkey III formula, the purchase price of the project would be the amount of the unamortized debt on the property.

d) Problems with the condominium or the corporate cooperative

There are several major problems in employing either the condominium or the corporate cooperative form of homeownership at Roosevelt Homes. First, since legal title is immediately conveyed from the LHA to the tenants, the operating subsidy would be lost (debt service is retained). In addition, the project would lose its tax-exempt status, thereby requiring unit owners or tenant-cooperators to pay local real property taxes. It may be possible, however, to fashion a proposal whereby the city would contribute in the form of cash or tax remission, part of the local property taxes levied on the project. If any tax abatement can be secured, it will be for the corporate cooperative since tax abatement will not be available to individual homeowners. Under New Jersey law, if the cooperative is formed as a limited dividend corporation, exemption of the project from property taxes could probably be achieved for a limited time. A second possibility is stated in another section of the same state law:

"...when the governing body of any municipality in which a project of a housing corporation is located...finds that the project is an improvement for the purposes of the...redevelopment of any blighted area...then such project and improvement shall be exempt from all property taxation and that the housing corporation shall make to the municipality in lieu of taxes payment of an annual service charge for municipal services in an amount not exceeding the tax on the property...for the year. or 15 percent of the annual gross shelter rents...whichever is greater..."

Funds for the payment in lieu of taxes raises doubts as to the feasibility of employing this strategy for the low-income cooperative. Further investigation, however, is needed.

There are two variations of cooperatives and condominiums that can be used in the conversion of Housing Authority projects: trust arrangements and lease arrangements. Trusts and leases can be seen as an intermediary step between homeownership and public housing authority status. Legal research plus an opinion from the office of the General Counsel at HUD should be obtained.

a) Trusts

The trust form appears to enable the conveyance of an immediate property interest while at the same time not disrupting HUD annual contributions and therefore not raising monthly payments for tenants.

The term trust cooperative is being used here, although cooperative is not meant in its traditional sense. Because of the complexities involved with NHA ownership, and the desirability of free alienability (capable of being transferred), it may be desirable to develop a mechanism which would provide for early spinoff of units from NHA ownership. This would

require a form of organization which might be better described as a trust condominium.*

1) Necessary documents

Under the trust regime, legal title to the property is conveyed to a trustee which acts as a repository for the property. A declaration of trust is recorded and serves the same purpose as the articles of incorporation, the bylaws, and the proprietary lease under the corporate cooperative. The trustee issues to the tenants certificates of beneficial interest which formally allot to the beneficiary-tenants the exclusive and permanent right of occupancy of their respective apartments during the life and subject to the terms of the trust together with rights in common to the use of the common spaces and elements of the project.

The declaration of trust includes provisions for the election of a board of governors from among the beneficiary-tenants. This board acts in an advisory capacity supervising the operation of the project, but as a matter of law, the ultimate authority to control and manage the trust property must stay with the trustee. This giving up of control by the beneficiary-tenants results in protection for them against the risk of personal liability for the operation of the project.

The "price" of each unit would be the existing unamortized capital debt allocable to each unit plus the costs of modernization.

*For an example of a trust condominium, see the description of the Hartford Housing Authority's demonstration project in Appendix B of the "Financial options", following.

Employing this system at Roosevelt Homes, the NHA would act as trustee of the property for the beneficiary-tenants. It appears that this may be done without the NHA giving up legal title to the project. Therefore, annual contributions (including the operating subsidy) would continue. In addition, the property would remain tax-exempt as LHA property and would presumably continue to be eligible for the PILOT.

Concerning management of the project, the trustee would, by law, be primarily responsible for major repairs and maintenance.

The declaration of trust could provide for vesting of bare legal title to apartments in the beneficiary-tenants upon the condition of their being able to pay off the amount of unamortized debt on their respective apartments. Although similar to Turnkey III, this system provides for immediate indicia of ownership in the form of a certificate of beneficial interest vested immediately in the tenants. In addition, the nature of the interest in the trust arrangement is more tangible since the beneficial interests can be inherited, devised, and transferred inter vivos (from one living person to another).

The NHA's declaration of trust would be supplemental to the existing declaration of trust with respect to the entire Roosevelt project which recites, in effect, that the NHA holds the project property in trust for the interests of both the bondholders whose capital originally financed and subsequently modernized the project and HUD which makes the annual contributions to retire the project's bonded indebtedness. The supple-

mental declaration of trust would recite, in effect, that with respect with those particular dwelling units included in the homeownership program, the MHA holds this property in trust for the benefit of the participating tenants.

The supplemental trust would set forth the nature of the interests of the tenants as "beneficial owners" of their dwelling units. Some sort of Turnkey III "sweat equity" program could be devised which would allow the tenants to build up equity in return for doing routine repairs. Until such time as the tenants' equity is sufficient to pay off the unamortized debt on their respective units, their beneficial interests would be contingent. The Turnkey III program assumes that it would be possible for a tenant to secure a vested beneficial interest in his dwelling unit by obtaining a loan to cover the difference between the unamortized debt on his dwelling unit and the amount in his equity reserve. Once the beneficial interested (the amount of built-up sweat equity is sufficient to pay off the unamortized debt) the tenants would be able to transfer their interests or bequeathe them freely.

f) Leasing Arrangements

Under a lease arrangement, the Housing Authority would simply lease a project to an independent management group such as a tenant management council, or cooperative. Because ownership would remain vested with the Housing Authority, there would be no effect on the operating subsidy or tax exempt status of the project.

A lease is a flexible instrument, therefore the terms of the lease, and the responsibilities on both the sides of leasee and lessor can vary substantially to incorporate special modifications which might be required under Federal or local statutes.*

*For a description of a leased cooperative demonstration project, see the description of Forest Hills in New York City, in Appendix B of the "Financial Options", following.

B. An Administrative Structure For A Cooperative

The success or failure of any type of grouped housing depends largely on the way in which the affairs of the project are handled. There are no rigid rules that have proven themselves applicable in all situations if only because of the great varieties of housing depending on income groups, ownership type, building type, etc. Even within the different varieties of housing, one administrative structure would likely elicit differing response from one project to the next. However, there do seem to be some universal principles and agreed procedures that are common to successful projects. This section attempts to describe some of these as they relate specifically to low-income cooperatives and potential administrative structures.

Much of what is presented in this section is based on recent studies by the Urban Institute that compared management performance in different types of housing (cooperative, limited dividend, non-profit) for low- and moderate-income families. According to these studies, proper management is perhaps the single most important component of housing administration. Local housing authorities increasingly are turning to innovative forms of management in efforts to save failing projects as they realize that many "bad housing conditions also result from the human problems that are the domain of housing management?" The studies also found that successful management involves not only the housing manager, but also the owners, the occupants, and many public and private community actors.

Because it is so critical, management will be treated as a separate section although it actually falls under the jurisdiction of the co-op administration. The first section deals with the other administrative functions, and the second covers management.

1. Overall Administration

a) Board of Directors: Structure and Functions

The board of directors is responsible for the formulation of policy and administering the affairs of the coop. It must safeguard the interests of individual members and see to it that no improper benefits are received by any members. The board determines financial and operating policies such as the amount of the monthly payments to be made to the association, the schedule of major repairs and maintenance, and tenant selection and eviction. A continuous review of operations, the keeping of records, and the reporting back to members are all functions of the board. The board is also responsible for seeing that all relevant local, state, and federal statutes are followed.

The board could be made up of members and outsiders. Non-members might be elected, particularly in the early stages, for their expertise in fields like management, banking, law, or because of previous experience with cooperative housing. Elections should be held every year, with board members serving staggered terms of perhaps three years (the purpose of staggering the terms would be to provide some continuity of knowledge and experience). Those selected for membership on the

board must be able to supply strong leadership - they must possess the interest, the savvy, and the will to make it work.

Further functions of the board include the selection of the manager, setting up committees to carry out some of the administrative duties, and providing some social services to the occupants. The most important of these other duties are described in more detail in the following subsections.

The importance of having the board supply strong leadership, and taking an active role in the day-to-day operation of the co-op cannot be overstressed. This has been shown in other cooperatives³ and is clear from the Urban Institute study. The study shows that "high performance" projects consistently showed the highest levels of owner (the board or co-ops) participation in daily affairs, with the owners responsible for such things as occupant selection, orientation, and eviction, as well as the hiring of staff.

b) Repairs and Maintenance

Repairs, redecorating, and maintenance will account for the major part of the costs, and will be important in sustaining the co-op as a desirable place to live. The corporation, represented in the collective person of the board, is responsible for the upkeep of the common interior and exterior spaces, as well as the building exterior. The occupants are responsible for the upkeep of their individual units.

This latter point, occupant upkeep of their units, has been shown to be positively correlated with high performance developments by the Urban Institute study. This is not surprising,

but it does point out the desirability of fostering an attitude among the occupants that encourages such upkeep. Along these lines, then, measures should be taken to make upkeep as easy as possible. Costs could be covered through the corporation's ability to take advantage of economies of scale of bulk buying of materials such as paint and hardware. Occupants should be acquainted with methods of making their own repairs and doing labor intensive tasks like painting. This could be done through classes, or a pamphlet supplied to each apartment. The maintenance responsibilities should be made clear to each occupant before they move into the apartment. The study also showed that in projects where the residents felt that they should pay for accidental damage, their satisfaction with the development and with the services received were high. Also, vandalism costs tended to be low.

c) Co-op Members: Roles, Participation, Responsibilities

It is likely that most of the prospective residents of the converted Roosevelt cooperative will be participating in their first co-op living arrangement. It therefore becomes important that they be aware of, and thoroughly understand how a co-op works, what are their responsibilities, and what are the behavior rules in the development. A number of models have been developed to handle resident orientation in public housing⁴, and it would be possible to adopt some of these for the co-op. Some suggestions include an orientation handbook, and the use of resident councils to introduce the rules to new residents. In the initial conversion, the housing authority could set up a mandatory pre-occupancy orientation course.

"High awareness of rules was linked not only with prompt mortgage payments and low expenses, but with low rent delinquencies and greater resident satisfaction with maintenance, management, and the housing services received for the amount paid."⁵

1) Tenant Selection and Eviction

The initial screening of prospective residents will necessarily involve procedures that won't be applicable later, since in the early stages there will be no co-op corporation. The selection of the first occupants will fall, therefore, on the housing authority, and the authority should use criteria that can be adopted by the cooperative. Cooperative housing will not serve the lowest income families, and many of the current Roosevelt residents will be unable to afford such an arrangement. Since the co-op is a private corporation, it will be ineligible for many of the government subsidies that now support persons in public housing. It therefore becomes mandatory that those selected be able to meet current expenses as well as the increases that will assuredly come. This would eliminate those on fixed incomes, and points out the need of a relatively homogeneous economic population so that higher income members do not vote increases that would force hardships on the others.

Once the cooperative is established, tenant selection falls upon the board, or a committee established for that purpose. The board has the total authority to approve or turn down all applications for membership (provided no prejudice is involved in the decision, since the co-op is bound

by the same federal laws as other housing in this regard.) The board will be called upon to exercise this authority to approve the sale of co-op membership by a withdrawing member, any sublets (if permitted under the by-laws), or filling vacancies created by the death of a member.

It may, from time to time, be necessary to evict a member of the co-op, and the by-laws should state the specific instances when such an action may occur. Generally, the corporation would terminate the lease of a tenant owner if:

a) the tenant-owner should pledge any of his stock without the consent of the corporation;⁶ or become bankrupt; or a receiver is appointed for his property.

b) the tenant-owner divests himself of his stock by selling it or subletting without consent of the corporation

c) the tenant-owner remains in default of payment of charges beyond a stated period (this could be a sticky issue in dealing with low-income families threatened with unexpected unemployment - see, however, the section on rent collection by the manager).

d) the tenant remains in default of other provisions of the lease for a stated period (30 days) after receiving written notice

e) other share holders (66-85%) vote to terminate all shares

f) the same proportion of share holders deem a tenant owner's behavior to be objectionable

2) Withdrawing Members and their equity

The resident withdrawing from the co-op generally has two options concerning disposition of his lease. The first is to sell his shares back to the corporation. The

corporation has the option, within a given period of time, whether or not to purchase the shares. It would then seek an acceptable buyer. The second option is for the withdrawing member to find a buyer from outside the co-op who will be acceptable to the board. The price he would pay would ideally be equal to the amount of equity, plus any charges due to the corporation. If no acceptable purchaser can be found by either party, the vacant unit could be rented to a non member on a short-term basis.

The provisions by which the corporation purchases the shares of withdrawing members should be as liberal and equitable as possible, but the solvency of the corporation should not be jeopardized. The corporation should not promise to return the full equity on the shares, and should do so only if this is within the means of the co-op. In any case, no more than the market price of the shares should be paid.

This point represents a real danger to low-income families in a cooperative arrangement, especially in a converted public housing project. A primary attraction of an ownership scheme is the equity buildup that could provide future returns. If, however, the location of the project or its physical condition and design are such that the market value does not keep pace with the equity investment, the families will lose this investment and be little more than renters with increased responsibilities. A real assessment

of the future value of the project, and its implication, must be made clear to the prospective members at the outset.

To meet withdrawal requirements, an equity repurchase fund should be established through earmarking of any earnings⁷ of the cooperative and/or through small monthly assessment of each member. The amount of this fund would depend on the specific withdrawal terms, the expected rate of withdrawal, and on the expected number of prospective new occupants. These estimates should be based on rather pessimistic assumptions, and the fund should be accumulated as rapidly as possible. Should it be necessary to meet the expense of a withdrawal at a time when funds are low, and no outside buyer can be found, the corporation could arrange, as a last resort measure, to purchase the shares on an installment basis when and if funds become available. Such an option should be exercised only if the member is in severe financial difficulty.

3) Voting

In order to avoid giving advantages to occupants of the higher priced units (those with more shares) each member should have one vote, rather than one vote per share. Voting of the entire membership would generally be required to elect board members, in certain cases to evict members, to undertake major repairs or renovation, or to dissolve the association.

4) Tenant Committees⁸

Tenant committees are established by the board of directors and serve three functions:

- encourage communication among residents and between residents and the board or the management

- assist board in making policy and perform some management functions

- offers the opportunity for residents to become involved in the operation of the cooperative and helps to develop new leadership.

The number of committees set up depends on the size of the cooperative, and may include:

- Management Committee - to take resident complaints or requests and pass them on to the management; to study management problems and progress

- Financial Committee - works with treasurer to develop financial policy

- Community Property Committee - to develop policy concerning the use and care of common spaces; to develop policy concerning alterations residents can make on their own apartments

- Membership Committee - reviews applications of prospective new members; speaks with members who don't maintain their property, and are late with rent payments; or presents other problems in the cooperative

- Education Committee - holds classes for co-op members prepares newsletter; provides information of jobs or health services

- Social and Recreation Committee - to organize social gatherings and sponsor summer recreation programs for the children

- Community Activities Committee - to work on community problems such as vandalism, providing better community services, establishing day care centers, and seeking local job opportunities

- Purchasing Committee - to shop around for supplies and fixtures for the cooperative; to provide consumer education; to possibly become a food purchaser for the co-op or a credit union.

2. Management Questions in a Cooperative

Management is concerned with the day-to-day operation of the building, including the physical maintenance of the property, bookkeeping and budgeting, and responding to residents' complaints and problems. Good management is essential. The Urban Institute found that successful management is a blend of qualities it calls firmness, management responsiveness, and occupant concern.

Firmness means setting down clear rules for occupants and enforcing them consistently. Measures of firmness were developed by asking residents about their perceptions of management enforcement of things like having pets, number of persons living in an apartment, security precaution, noise from record players and parties, promptness of rent payments, and residents keeping the development clean. The results showed average resident perception of firmness was highest in the high performance projects. The study also showed that expenses were lower and mortgage and other payments tended to be on time in developments where residents showed a greater awareness of written behavior rules.

Lateness in imposing penalties for delinquent rent penalties was associated with high management expenses in limited dividends and nonprofits. The association was less

clear in co-ops due to the measurement technique used. It might be possible for the corporation to grant extensions or make special payment arrangements for residents subjected to unusual hardships (unemployment, large unexpected expenses, etc.) but such arrangements should not threaten the viability of the entire corporation.

Responsiveness is primarily management's promptness in heeding calls from residents for repairs, but it is also sensitivity in dealing with group and individual needs.

"In those developments where residents perceived that management was prompt in handling maintenance request, nearly all measures of resident satisfaction were high...payments were on schedule and both rent delinquencies and rent losses were low."

It was also shown that knowing whom to contact for repairs characterized residents in high-performance projects.

Occupant concern included a broad range of behavior, attitudes and interests. Characteristic of high performance projects were management perceptions that residents were upkeeping their apartments in good condition, residents assumed responsibility for their actions that caused damage, and residents were aware of the reasons for an increase in carrying charges.

a) Management Functions

Management has five basic functions. These are:

1) maintenance - A number of tasks fall within this function including scheduled preventative maintenance, inspections of vacated apartments and an annual inspection of the entire building, responding to requests

for repairs, maintaining building security, and working with the purchasing committee in shopping for supplies and hiring servicemen.

2) rent collection - The manager collects carrying charges, and must insist that they be paid promptly. In cases where the residents cannot or refuse to pay, the manager refers the case to the board for action.

3) bookkeeping - This involves keeping a careful record of all income, expenses and reserves so that the co-op's money is being wisely spent. Operating statements must be prepared periodically for resident review, and the books should be audited by a reputable accounting firm from time to time. The books should be open for inspection by any member.

4) budgeting - The initial operation budget is figured out by the board with the assistance of an accountant and the sponsor. Then, actual expenses are compared to the projected budget to determine if adequate funds have been allocated. At the end of the budget year, a new budget must be prepared by the bookkeeper, with help from the treasurer and accountant, to be submitted and approved by the board. In addition to allowances for debt service and taxes, estimates must be made for fuel and utility costs, repairs and maintenance, exceptional expenses, and provisions for reserve funds.

5) hire and supervise personnel - There are personnel, whether they be residents or outsiders, to carry out the management functions.

b) Tenant vs. Professional Management

The low-income cooperative is caught up in a dilemma when it comes to choosing a form of management. On the one hand, it is important that the corporation take advantage of all opportunities to cut costs and minimize the flow of cash away from the co-op; on the other hand, the corporation is not in a position where it can afford the mistakes and

inefficiencies that might occur if management is left to inexperienced individuals. In determining the form of management, the corporation must consider the expertise of the potential managers (and the "track record" of outside firms), the costs, the effect on tenant relations, and the tasks to be performed.

Tenant management does offer some attractive advantages, the major ones being the potential savings. By using tenant managers, the co-op avoids the management fee that can run as high as 10% of the rent roll. It also offers increased opportunities for employment of residents. Also, tenant-managers are likely to be more responsive to resident priorities, more in touch with the pressing problems, and more accessible.

A professional firm offers the expertise and experience necessary to minimize the costs of operation. The firm that manages a number of projects also can take advantage of greater economies of scale, and avoid the internal factionalism that might arise with tenant managers.

One possible alternative involves a combination of these two. In the beginning, a professional firm could be hired by the board, which would insist that tenants be employed wherever they possess the necessary skills. Then, during the early years, residents could be trained with the objective of eventually assuming all of the management duties. This would give the long-run advantages of tenant management with the early short-run advantages of the most efficient management scheme.¹⁰

NOTES

1. Keys to Successful Housing Management, by Morton Isler, Robert Sadacca and Margaret Drury
2. Ibid.
3. Interview with Loring Smith of L.E. Smith Associates, manager of Boston's St. Joseph Homes Cooperative.
4. "Resident Orientation and Behavior Rules," Housing Improvement Summary, H.U.D. publication.
5. Isler, op. cit. p. 31.
6. Unlike stockholders in other types of private corporations, the shareholders in a cooperative are not free to use their shares to secure loans unless consent of the corporation is obtained.
7. Outside earnings may, for example, be derived from the rental of cooperative space for commercial enterprises. Such income would be used to defray carrying charges for the members. This income, however, cannot exceed 20% of the corporation's total income or the cooperative loses its special tax status.
8. Most of this section is taken from a handbook on low income cooperatives, written by the Housing and Development Administration of the City of New York.
9. Isler, op. cit. p. 34.
10. If the tenant management scheme is chosen, it might be possible that the corporation could eventually contract to manage other low-income projects as a source of income.

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C. Financing a Cooperative

The 1974 Housing Act drastically changed the amount and nature of assistance provided to public housing authorities and private housing. Below is a summary of the currently available finance mechanisms that might be useful for the conversion of a public housing authority project into a tenant owned cooperative. In Appendix B, the past programs used for financing low income cooperatives are described

Capital Expenditures

Capital expenditures are defined as the amount of money needed to construct the project.

1) Annual Contributions Contract- Most Housing Authority projects are financed through the sale of tax exempt bonds. The Federal Government pays the principal and interest on the bond through an annual contributions contract. What would happen to the ACC if the project were turned over to tenants? The 1974 Housing Act states that:

Notwithstanding any other provision of law, a public housing agency may sell a low income project to its low income tenants, on such terms and conditions as the agency may determine, without affecting the Secretary's commitment to pay annual contributions with respect to that project..¹

This provides a clear indication that the capital subsidy

¹ 1974 Housing and Community Development Act, Public Law 93-383, Title II section 5(h).

will be retained. However, if a project was to be modernized before conversions, the issue would become clouded. It is unclear as to whether HUD would be willing to provide modernization monies to a project just prior to its conversion. Even if such financing was available, it appears that the amount of rehabilitation done would only be used to finance necessary improvements rather than the addition of amenities.

2) FHA 221d(3)- The Federal Housing Administration offers insurance for mortgages given to cooperatives by banks. Because, the mortgage is conventional, the interest rate would be whatever the market rate is-currently, it is 8½%. The mortgage can be used either by an investor sponsor or pre-sale management type cooperative (described in Appendix A). The mortgage is available for existing housing, new construction or substantial rehabilitation, and has a term of between 30-40 years.

If the Newark Housing Authority turned over a project to its tenants and modernization monies were unavailable, it is conceivable that an FHA insured mortgage could be obtained. The mortgage could be used to finance improvements over and above what HUD would be willing to finance through its annual contributions contract. Under such an arrangement, the Housing Authority would act as developer and oversee construction and conversion. Because of the difficulties in non-profit sponsorship of cooperative housing, FHA has

recently cut out this particular program. However, it is possible that the Newark Housing Authority could work out an arrangement with the FHA and as non-profit sponsor.

3) New Jersey Housing Finance Agency- A second source for financing capital improvements could come from the New Jersey Housing Finance Agency. Through sale of tax exempt bonds, NJHFA is able to provide mortgages for residential projects at slightly less than market interest rate. The current interest rate for NJHFA mortgages varies between 8-8½%.

A NJHFA cooperative mortgage would work in a very similar manner to an FHA 221d(3) mortgage. A construction mortgage would be given to a developer and the permanent mortgage would go to the cooperative. At present, it is possible to obtain a 100% mortgage for a non-profit organization. Thus the only downpayment necessary would be a 1% working capital fee. However, the NJHFA will currently accept out mortgages exclusively for new construction or substantial rehabilitation. Under a cooperative arrangement with NJHFA, shareholders would be limited on sale of equity.

Operating Subsidies

Once a project is constructed, the need for financial assistance does not cease. In fact, it is now agreed upon that the provision of adequate operating subsidy is just as important (if not more so) than an initial capital investment.

1) Annual Contributions-HUD furnishes an operating subsidy to housing authorities in order to pay the difference between the tenants' ability to pay (as defined by the Brooke amendment) and the cost of operating the housing project. As discussed in the legal section, if a housing authority conveyed title to a project, the operating subsidy would cease.³ Because the operating subsidy comprises a substantial portion of the income to the project, its loss would be reflected in much higher rents.

2) Section 8-This well publicized program will be used to replace many older programs, such as rental assistance and Section 23. Under Section 8, housing units are leased by either the local housing authority or the HUD area office. Tenants pay no more than 25% income and the Section 8 subsidy makes up the difference between the determined fair market rent for the area and the tenant's monthly payment.

Because of the large amount of administrative discretion that Section 8 allows, the rules and regulations published by HUD are in a constant state of flux. However, it is possible to abstract out of the morass some relevant facts for conversion projects. First, it appears that a converted public housing authority project is eligible

to receive funds. Although the original Section 23 leasing problems prescribed that only private market units could be utilized, the Section 8 allows direct leasing by local housing authorities.⁴ Thus, it appears that if a project was turned over to tenants, it would be eligible for Section 8 assistance.

It is also stated in Section 8 that cooperatives are eligible for Section 8. There are no specific rules and regulations written yet for the use of Section 8 for cooperatives. However, under current interpretation, a cooperative with Section 8 assistance would be able to provide financial benefits to its low income tenants.⁵ The cooperative would lease a certain percentage of its units to HUD or an LHA for use by low income families. The distinction between low income members receiving the leased subsidy and moderate income members is a bookkeeping matter only. If a low income member decides to leave the project, the cooperative would be able to buy his share for an amount equalling his down-payment plus the value of any improvements installed on the property and the principal amortized on the unit after the first three years. This resale provision is identical to the one available for non-subsidized members of the cooperative.

³ When queried on this point, HUD officials in Washington reaffirmed that the project would lose operating subsidies if conveyed. In order to see the effect on rents of a loss of operating subsidy, the reader is referred to the Forest Hills case in Appendix B.

⁴ Section 8, f(4). For an adequate summary of Section 8 and its ramifications, see Chuck Edson, editor, A Leased Housing Primer, (Washington: Leased Housing Association, 1974).

⁵ Edson, pp. 44-5.

HUD recommends that any project which applies for Section 8 funds set aside no more than 20% of its units for the program. Although it is possible to subsidize 100% of a project, HUD will give priority to applications which do not exceed the 20% figure.

Section 8 has three different sets of regulations for new, existing, and substantially rehabilitated housing. As was stated earlier, the gross rent that the owner will receive for his unit is equal to the predetermined existing market rent for the area. Under the new construction and substantial rehabilitation programs, an increase of 20% over the predetermined rent scale is authorized if warranted. However, actual gross rents can exceed fair market rents by only 10% in the case of existing housing.

D. Market Analysis: Low Income Cooperatives in Newark

1. Introduction:

In contrast to the present subsidized program of the Newark Housing Authority, the financial success of the conversion of public housing to private ownership depends strongly on resolving the same supply and demand constraints which affect private housing. Key among constraints on the supply side are current market rents, and vacancy rates in housing of similar quality. On the demand side, constraints include current and future income distribution of Newark housing consumers. This part of the feasibility study looks at these market constraints which will most affect the

decision of consumers to purchase converted cooperatives. Ultimately, these decisions will effect the feasibility of transfer of ownership from the public program to private cooperative arrangements. This section is divided into three parts. The first reviews some general economic concepts of supply and demand, with special attention to the contrast between private and public production of housing, and ownership decisions by consumers. A second part looks at the current shape of the housing demand in Newark. In particular, the present relation between rent, income and housing characteristics in the city and in the public program. A third part looks at the current trends in income and employment growth in the city, and the potential to support ownership forms such as the conversion of Roosevelt Homes.

2. Some Elements of Housing Market Economics: Public and Private Markets

a) Housing Supply: Housing Production

In contrast to frequently purchased products, housing is a commodity consisting of a complex bundle of different services, rarely replaced all at once and extremely durable over time.¹ Rents represent costs derived from the sale of housing services, but normally reflect costs of the production--capital and operating--and profits.

While frequently housing is viewed as a single commodity, in fact, housing is best conceived as a bundle comprising three general types of attributes:²

- 1) Location and Access--this includes access to transportation, or more generally to employment, shopping, recreation, schools and social services.
- 2) Physical characteristics of the house or unit itself--including dimensions, structural characteristics, age, design, plant, amenities and land
- 3) Neighborhood Characteristics--including adjacent structures, parcels land uses; city services; social characteristics of the neighborhood and certain 'status' dimensions

All these characteristics bear an important relation to the level of quality of a housing unit, and to the price and its market.

Housing production normally results from the application of inputs consisting of two types, capital and operating.³ Capital inputs or investment, include the actual structure, while operating inputs or management comprise maintenance - utilities, etc. In most built up urban areas, most housing is already 'built', that is has its basic structure; the production thus normally consists of marginal additions and subtractions to the existing majority of units, internal conversions (which may add or subtract from the total stock) and the primary emphasis is on operating or maintenance side.

Much of the housing in Newark, as in other older cities, has been subjected to what economists call 'disinvestment.' What this means is that landlords, in choosing that combination of capital and operating inputs which minimizes costs, given a level of rents and profits will tend to lower or shift or substitute cost components. For example, if rents remain at a certain level throughout the city and fuel costs

rise, a landlord may attempt to substitute a capital investment (insulation, for example), to save on an operating investment (fuel). Naturally, there are institutional restrictions which inhibit rents as well as the market. Included are tax levels, rent control, building codes, which may respond very imperfectly to the trends in costs.

In contrast to the private market side of housing production, public housing managers make decisions related to public policy and public administrative criteria, rather than market questions. While there is a demand for the kind of housing produced by public housing authorities, supply is set by policy parameters such as the available subsidy amounts, feasibility of implementation and there is considerable 'rationing' through qualifications criteria.

In production terms, many problems have grown in public housing. While construction costs are high, frequently the quality of shelter is lower than standard construction in the market. Ironically, this results from the very high standards of structure (theoretically to reduce maintenance costs, which in public housing historically, had to be covered by rents)⁴ and very low standards of room size, amenities, etc. Public housing was also 'distinguished' in the market by design standards. This served as another 'rationing' device (making the housing 'less attractive' and thus, dampening demand) and to satisfy pressures from the private landlords who feared 'unfair' competition from

subsidized housing. Ironically as well, the lower quality of amenities provided in public housing, may inhibit its conversion to 'private' housing cooperatives.

b) Housing Demand: Consumer Behavior, Income Housing
Purchase Housing demand can be thought of much like that of consumer behavior in general. Given a relative set of prices, consumers will allocate their budgets among various goods in the mixture which maximizes satisfaction.⁵ In the U.S. in general, the proportion of income spent on housing has tended to decrease with increased incomes; since a large portion of family budgets are spent on transportation, however, this should be included in the lower housing price.

The other determinant of the mix of goods is, of course, income. The higher the consumer's income, the more of a good he will purchase, the less his income, the less he will purchase. The degree to which the proportion of income spent on a good changes as income changes depends on a quantity known as the income elasticity of demand, or the ratio of the percentage change in expenditures on a good caused by a percentage change in income. If the income elasticity of demand for a good is equal to 1, the proportion of the budget expended on the good will be constant for all levels of income; if the income elasticity of demand is greater than 1, the proportion will increase as income increases; if it is less than 1, the proportion will decrease as income increases.

The "overall" income elasticity of demand for rental housing--the income elasticity throughout the whole range of incomes--has been estimated to lie between .8 and 1.0.⁶ But the elasticity may be different over various ranges of income. That is, the elasticity may be very low for households with incomes less than \$6,000, higher for incomes between \$6,000 and \$12,000, and still higher for incomes greater than \$12,000.

3. Housing Rents and Household Rents in Newark

Figure 1 shows a plot of the ratios of Median Annual Gross rent to Median Annual Income for all those Census Tracts in Newark with 60% or greater Black population. The downward sloping data implies an income elasticity of less than one. Consistent with the hypothesis that the income elasticity increases as income increases, the slope of the data appears to flatten out as the incomes get larger.⁷

An estimate of the proportion, or range of proportions, of income which households generally allocate to housing services can be used to estimate the total number of households who either now pay, or who potentially would pay, the rent or carrying charges necessary to cover the costs of operating a given dwelling unit. Assuming that a dwelling unit requires \$R/month to cover the shelter costs of the dwelling unit plus utilities (its Gross Rent in the terminology of the Census Bureau). Suppose further that households allocate between 100d% and 100e% of their income to Gross Rent (where d is less than e). Then the number of households willing to pay \$R/month would be the number earning between \$12R/e and \$12R/d per year.

The 1970 Census of Population and Housing by Census Tracts, Newark, N.J. SMEA shows that the median proportion of household incomes which are expended on gross rents in Newark is around .21 (See Figure 1). Households with incomes less than \$6,500 tend to spend a higher proportion (although there is an inexplicably large variance in the data in that range of incomes); households with incomes larger than \$6,500 tend to spend a lower proportion. The vast majority of the proportions corresponding to incomes greater than \$6,500 lie between .18 and .21. This implies that if an apartment requires \$130/month to cover its costs, the incomes of households likely to rent the apartment will tend to be between \$7,400 and \$8,700, and the potential market for the apartment will therefore be the number of households whose incomes fall within this range.⁸

4. Constraints Imposed by the Newark Housing Market. Monthly Rents and Family Incomes

A. Monthly Rents of Competing Rental Housing

The table below gives the rent structure of private occupied rental units by number of bedrooms in the Newark area in 1970.⁹

PRIVATE OCCUPIED RENTAL HOUSING UNITS, 1970

	Bedrooms/unit				
<u>Rent Level</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4+</u>
\$40	44	1,483	627	192	-
\$40-\$59	563	867	1,960	214	39
\$60-\$79	2,023	4,782	-	1,243	257
\$80-\$99	1,018	7,483	6,952	834	-
\$100-\$149	1,420	12,506	16,272	12,111	2,539
\$150-\$199	241	1,806	1,699	1,439	663
\$200+	62	561	505	148	26
w/o Rent	<u>47</u>	<u>350</u>	<u>554</u>	<u>116</u>	<u>132</u>
Total	5,418	29,838	28,569	16,297	3,659

Fifty-five percent of the 1, 2, and 3 bedroom apartments have rents ranging between \$100 and \$150. Fully 90% of these units have rents below \$150. This implies either a low price per level of housing service quality or a low level of quality of housing services produced with each unit. No doubt the changes in price levels of the past four years will have altered the Newark rent structure by a significant amount, but it is probably safe to assume that if Newark continued to experience population loss during the period of 1970-1975, real rents will have declined, i.e. nominal rents will have

increased by a lesser rate than the nominal prices of all other goods. In March, 1973, the Consumer Price Index had increased by 35% to 157.8 from the average level in 1970 of 116.3.¹⁰ If rents in Newark increased by only 25%, their real decline would have amounted to 8%, and thus the \$100-\$149 bracket in 1970 would correspond to a range of \$125-\$187.5 in 1974. The upper limit of this range can be considered a market-established upper bound on the monthly carrying charges of a cooperatively-owned Roosevelt Homes

B. Current and Future Incomes

A household's income is the major determinant of its expenditures on housing services. Therefore, the current and future level of incomes in Newark will strongly influence the financial success of a converted Roosevelt Homes.

1) Current and Future Wage Incomes in Newark

If Roosevelt Homes is completely converted to cooperative ownership, it will be ineligible for the operating subsidies it now enjoys as a public housing project. (Cf Financial Section.) It would therefore appear that the bulk of the costs of producing housing services with that project will have to be borne by tenants earning substantial wage income

The primary determinant of current and future wage incomes in any city is the demand for labor. Table I in the Appendix gives the level of employment in each of several industries in the city of Newark for the years 1950, 1960,

and 1970. Table II in the Appendix gives the proportion of each year's total employment accounted for by each industry, a measure of the city's employment mix.¹¹ Table I confirms that Newark has suffered severe employment losses in the last 20 years. But the relative importance of each sector, as shown in Table II, has remained fairly constant except for a slight decline in the manufacturing sector and the tremendous absolute and relative growth of the sector entitled Medical, Legal, Education and Other Professional Services.

Since 91% of the NHA's adult tenants under the age of 62 are either Black or Puerto Rican, an examination of Black and Puerto Rican (hereinafter Minority) employment should yield an estimate of the employment patterns of adult, non-retired, NHA tenants. Table III depicts the degree to which Minorities in Essex County (of which Newark is a major part) participate in the industries shown in Tables I and II and the median annual earnings of minorities in each industry. About 28% of total Essex County employment is accounted for by Minorities. They are "overrepresented" in the manufacturing, trucking, hotels, and domestic (private households) industries and "underrepresented" in wholesale and retail trade, financial and real estate services, and recreation services. Surprisingly, minorities are proportionately represented in Newark's "growth" industry--Medical, Legal, Education, and other Professional Services. But similar to work patterns in other sectors, Minorities probably perform the menial tasks for firms in these industries. It is

interesting to note that the median incomes of Black and Puerto Rican workers in 1970 are in the same neighborhood as the upper-range of the present income distribution of NHA tenants.

Assuming that since 1970, there has been about a 25% increase in the nominal wages of Minorities depicted in Table III, median incomes of Black and Puerto Rican workers in Essex County would currently be \$8,000 and \$7,000 respectively. Using a "rule" that Minority households in that income range spend approximately 20% of their incomes on housing, the median monthly carrying charges which these incomes would support are respectively \$133 and \$116; if minority households spend as much as 25% of their incomes (Cf. note 10), they would be willing to pay as much as \$167 and \$146 per month respectively.

Thus, if the "average" Minority household is to have access to cooperative apartments in Roosevelt Homes, the monthly carrying charge cannot be substantially more than \$145 to \$150. This is a more confining upper bound than the approximately \$187 bound imposed by the average rents in the Newark Housing Market.

From Tables I, II, and III, it would appear that future Minority financial welfare will depend on the future health of Newark's manufacturing and professional service sectors and in the ability of minority workers to gain a greater participation and a higher occupational status in the professional service, financial service, and retail sectors. Since Newark

is part of both New York City and New Jersey labor markets, their respective performances in the past four years should provide an indication of Newark's near term future performance. Table IV in the Appendix gives the number of jobs in New York City and New Jersey for the years 1970 to 1974. While the number of jobs in New Jersey has increased by 131,200 or 5.2%, the number in New York City has declined by 209,700 or 5%. The number of manufacturing jobs in the combined labor market has decreased by 11.7% (See footnote 11.)

The prospects for Newark's manufacturing sector are therefore not bright. The outlook for increased minority entry into the service sector is similarly dim. The industries that make up this sector require a significant amount of training and education--training and education which members of minority groups often don't have. (The median number of school years completed by the head of households residing in census tracts which are greater than 60% Black is 10.1 years.) Given these factors and the state of the national economy, one should not expect any substantial nearterm improvement in the average incomes of households in the Newark Housing Market which might purchase a cooperative in a converted Roosevelt Homes.

2) Current Incomes in the NHA

Since the Newark Housing Authority has assumed the obligation to give the current tenants of Roosevelt first priority to live in the project after its conversion and second priority to tenants of other projects of the NHA, the incomes

of households residing in Roosevelt and the rest of the NHA will be a major determinant of whether Roosevelt can be successfully converted or not. The table below gives the average incomes, as of December 11, 1974, for various categories of households in Roosevelt Homes, in all the projects of the Newark Housing Authority, and in the 14 projects in the NHA in which families with children reside (hereinafter called "Family Projects").

Average Incomes of.....	Roosevelt Homes	All NHA Projects	Family Projects
All Households	\$5,249	\$4,345	\$4,757
Elderly Households	\$3,006	\$3,043	\$3,060
Non-Elderly Households	\$6,401	\$5,440	\$5,447
Households Receiving Welfare Income	\$4,271	\$4,203	\$4,225
Households Receiving Non-Welfare Income	\$5,803	\$4,423	\$5,208

Source: Newark Housing Authority

The income level of public housing tenants in Newark is clearly very low. Only 29% of all households living in NHA projects derive at least some of their income from wages. Of the households who live in the Family Projects, which includes Roosevelt Homes, a total of 1116 households, or only 14.3%, have incomes over \$7,500. In Roosevelt Homes, the corresponding figure is 61, or 22.5%.

Using the observation that tenants earning \$7,500 pay approximately 20% of their gross income for rent, 14% of the tenants in the NHA and 22% of the tenants of Roosevelt Homes

would tend to purchase around \$12¹/₂ worth of housing services per month if public housing were unavailable and their current income were their only resource. About 2.5% of the former group and 3% of the latter group (those with incomes greater than \$12,000) would tend to purchase around \$180 per month. But the average household residing in the NHA has an income of around \$4,800; the average household in Roosevelt Homes, around \$5,200. Households in this income range are willing to spend around 25% of their incomes for rent. This implies that if a cooperative Roosevelt Homes is to accommodate current NHA tenants, the monthly carrying charge cannot be substantially more than \$100. However, a selective relocation of the poorest current tenants of Roosevelt Homes households in other projects might make conversion feasible.

5. CONCLUSION

The design, age, and location of Roosevelt Homes may make it difficult to produce housing services of a given quality and at a price necessary to attract tenants able and willing to pay that price. Low income households may not be able to consume--by virtue of their low incomes--the quantity of housing services produced with each unit; higher income households (\$7,000-\$9,000) may feel they can purchase housing services of a greater quality elsewhere for the same price or may even desire a higher level of housing consumption (and be willing to pay the resulting higher rents or carrying charges.)

Newark is a city of declining employment, particularly in its manufacturing sector. The incomes of the majority of its citizens are low. Increased employment opportunities do not appear to be in the offing. One should therefore expect the median real incomes of its Minority citizens to remain constant over the near term and perhaps even decline. The incomes of these "median" households and the amounts of money they might spend for housing services are given below.

Household Type	Income	"20%" Monthly	"25%" Monthly
Elderly*	\$3,060	\$51.10	\$63.88
Non-Elderly*	\$5,447	\$90.78	\$113.48
Welfare*	\$4,225	\$70.42	\$88.02
Non-Welfare*	\$5,208	\$86.80	\$108.50
Employed Blacks- 1974	\$8,000	\$133.00	\$166.67
Employed Puerto Ricans-1974	\$7,000	\$117.00	\$145.83

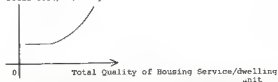
*Average of Households in Family Projects 12/31/74

The question that must be answered is whether households in the first four groups in the table are able to pay the costs of a unit in Roosevelt Homes and whether the households in the bottom two groups are willing to.

FOOTNOTES

1. Olsen, Edgar O., "A Competitive Theory of the Housing Market" American Economic Review 59 (September, 1969). 612-22.
2. Kain, John and John Quigley "Measuring the Value of Housing Quality" Journal of the American Statistical Association 65 (June, 1970) cited in Pynoos, Jon, Robert Schafer, Chester W. Hartman (eds.), Housing Urban America Chicago: Aldine Press (1973) The Kain Quigley list contains 38 items within these four categories.
3. It is important to note that the term "housing", as it is used in public discussion of housing policy, primarily refers to these capital inputs--or structures. The failure in American Housing Policy can be traced, in part, to the failure to understand that the nation demands the production of more housing services; not necessarily more housing capital. In fact, given the rate of abandonment, it would appear that there is an excess of housing capital. One can think of housing service quality as a continuum. Higher levels of quality can be supplied, but only at an increasing cost, i.e. the total cost of producing housing service quality increases at a more rapid rate than the total quality (See graph).

Total Cost/dwelling unit



4. See Math, Richard Public Housing: An Economic Evaluation Washington, D.C. American Enterprise Institute for Public Policy Research.
5. Economists make use of relative prices, or the ratio of the dollar price of one good to the dollar price of another good. For example, if the price of an orange in terms of dollars is \$.50, and the price of an apple in terms of dollars is \$.25, then the relative price of an orange in terms of apples is 2 apples per orange.

FOOTNOTES

(2)

6. De Leeuw, Frank "The Demand for Housing: A Review of Cross-Section Evidence" Review of Economics and Statistics Vol. 53 (Feb., 1971) pp. 1-10.
7. The shape of the data may also be the result of using "current" rather than "permanent" income. See Reid, Margaret Income and Housing Chicago: University of Chicago Press (1962). It could also be a life cycle phenomenon: elderly persons tend to have very low current incomes, but fewer compulsory expenditures generated by the presence of dependents. Therefore, a larger proportion of their income goes to housing.
8. It is important to emphasize that the above procedure is highly sensitive to error. The table below shows the value of $\$12R/d$ for $R=\$130$ and declining values of d . As d declines, $\$12R/d$ increases exponentially

<u>d</u>	<u>Income</u>
.25	\$6,240
.24	\$6,500
.22	\$7,090
.21	\$7,429
.20	\$7,800
.18	\$8,667

In other words, caution should be exercised in the use of the "25% rule," frequently suggested in public discussion and policy (i.e. the Brooke Amendment). The administrative determination that 25% is a fair proportion of one's income to pay for housing services does not mean that consumers follow that "rule" in the private market. Evidence strongly indicates to the contrary. Thus, if a landlord had estimated the income range of households who might rent his apartment for \$130/month by using the "25% rule," he would have misjudged the market segment his apartment would have catered to and quite possible that market segment's size.

9. Community Planning Associates Residential Relocation Impact Route 21, Newark, New Jersey (Aug. 19, 1974) Page 11. This table has been corrected for a computational error.

FOOTNOTES

(3)

10. The 1970 CPI comes from the Bureau of the Census Statistical Abstract of the U.S., 1972 Washington: U.S. Government Printing Office (1972) p. 340.
11. This proportion, divided by the proportion of total employment in the region or the nation accounted for by the same industry, is known as the city's region-or nation-based location quotient. The industries whose location quotients are significantly greater than 1 constitute the city's economic base. According to this criteria and the location quotients calculated from 1960 data, Newark's economic base includes the Manufacturing and Finance, Insurance, and Real Estate Sectors. However, the former far outweighs the latter in importance.

APPENDIX: EMPLOYMENT IN NEWARK

TABLE I

Newark Employment

<u>Industry Group</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>
Agriculture, Forestry, and Fisheries	273	230	412
Mining	46	68	98
Contract Construction	9,149	6,126	6,550
Total Manufacturing	71,234	58,759	50,592
Durable Goods	40,525	34,160	28,773
Metals	8,929	7,699	6,241
Lumber, Wood Products, and Furniture	1,276	1,283	957
Motor Vehicles and Other Transportation Equipment	2,557	2,274	1,942
Machinery	16,946	17,055	11,359
Other Durable Goods	10,817	5,849	8,264
Non-Durable Goods	30,709	24,599	21,819
Food and Kindred Products	7,238	6,543	3,194
Textile Mill Products and Apparel	9,369	5,511	4,884
Printing and Publishing	2,137	1,891	1,550
Chemicals and Allied Products	5,155	4,929	4,862
Other Non-Durable Goods and Unspecified Industries	6,810	5,725	7,374
Railroads and Railway Express	1,882	965	376
Trucks and Warehousing	3,437	3,533	3,236
Other Transportation	3,189	3,080	3,425
Communications	2,333	1,754	1,890
Utilities and Sanitary	2,703	1,881	2,407
Wholesale Trade	7,400	4,772	5,242
Retail Trade	31,041	21,121	16,237

TABLE I (cont.)

<u>INDUSTRY GROUP</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>
Finance, Insurance and Real Estate	9,502	7,857	8,515
Hotels and Other Personal Services	7,467	5,181	4,692
Private Households	5,907	4,238	2,304
Business and Repair Services	4,761	4,384	5,117
Entertainment and Recreation Services	1,295	795	508
Medical, Legal, Education and Other Professional Services	11,610	13,261	18,775
Public Administration	7,619	7,323	6,750
Industry not reported	<u>2,852</u>	<u>16,871</u>	<u>-----</u>
Total Employees	---	---	137,334
16 years and older	---	---	761
14 and 15 years old	---	---	---
14 years and older	181,702	162,209	137,917
Civilian Labor Force	199,085	176,957	146,661
Unemployed 16 years and older	16,700	14,534	9,834
Unemployment Rate	.084	.082	.067

Sources. 1950 Data: Bureau of Census Census of the Population, New Jersey, Volume 1, Table 7, p. 20-21
 1960 Data: Bureau of Census Census of the Population, New Jersey, Volume 1, Table 7, p. 20-21
 1970 Data: Bureau of Census Interpretation of the Population, Volume 1, Part 1, p. 20-21
 Table 15, p. 2-22.

TABLE II

INDUSTRY PROPORTIONS: NEWARK EMPLOYMENT

INDUSTRY GROUP	1950	1960	1970
Agriculture, Forestry, and Fisheries	.0014	.0014	.0029
Mining	.0002	.0004	.0007
Contract Construction	.0498	.0383	.0475
Total Manufacturing	.3877	.3620	.3688
Durable Goods	.2206	.2101	.2086
Metals	.0486	.0435	.0452
Lumber, Wood Pro- ducts, & Furni- ture	.0069	.0079	.0070
Motor Vehicles & other Transpor- tation equipment	.0139	.0140	.0210
Machinery	.0922	.1050	.0623
Other Durable Goods	.0588	.0360	.0599
Non-Durable Goods	.1671	.1515	.1582
Food & Kindred Products	.0394	.0403	.0228
Textile Mill Pro- ducts & Apparel	.0510	.0339	.0354
Printing & Publish- ing	.0116	.0116	.0112
Chemicals & Allied Products	.0280	.0303	.0352
Other Non-Durable Goods & Unspeci- fied	.0370	.0325	.0534
Railroads and Railway Express	.0102	.0059	.0027
Trucking and Warehou- sing	.0187	.0217	.0234
Other Transportation	.0173	.0189	.0248
Communications	.0126	.0108	.0137
Utilities & Sanitary Service	.0147	.0115	.0174
Wholesale Trade	.0402	.0294	.0380
Retail Trade	.1689	.1301	.1171

TABLE II (cont.)

INDUSTRY GROUP	1950	1960	1970
Finance, Insurance, and Real Estate	.0517	.0484	.0617
Hotels & other Per- sonal Services	.0406	.0319	.0340
Private Households	.0321	.0261	.0167
Business and Repair	.0259	.0270	.0371
Entertainment & Le- isure Services	.0070	.0048	.0036
Medical, Legal, Edu- cation, & other Pro- fessional Services	.0632	.0617	.1361
Public Administration	.0414	.0451	.0490
Industry Not Reported	.0155	.1039	-----

Source: Same as in Table I. Each Industry's employment total was di-
vided by Total Employees 14 years and older, in the case
of 1950 and 1960, and by Total Employees 16 years and older,
in the case of 1970.

TABLE III

MINORITY EMPLOYMENT IN MANUFACTURING

BASE COUNTY, 1970

INDUSTRY GROUP	Total Employ- ment (1)	Total Minority employ- ment (2)	Col. (2) Div. (1)	Median Black Earnings	Median Puerto Rican Earnings
Agriculture, Forestry, & Fisheries	1,629	410	.252	\$2,957	\$ n.a.
Mining	205	83	.405	n.a.	n.a.
Contract Construction	16,588	4,230	.255	6,628	5,951
Total Manufacturing	115,730	37,061	.320	6,711	5,492
Durable Goods	66,201	22,522	.340	6,647	5,403
Automobiles, Good Pro- ducts, and Durables	13,108	4,721	.364	n.a.	n.a.
Household Appliances & Other Consumer Durables	1,680	732	.436	n.a.	n.a.
Other Consumer Durables	4,436	1,872	.422	n.a.	n.a.
Household Appliances & Other Consumer Durables	10,567	6,631	.628	n.a.	n.a.
Household Appliances & Other Consumer Durables	15,610	6,566	.421	n.a.	n.a.
Non-Durable Goods	49,529	14,539	.294	6,850	5,642
Food & Kindred Pro- ducts	7,151	2,197	.307	n.a.	n.a.
Textile Mill Pro- ducts and Apparel	8,700	3,351	.385	n.a.	n.a.
Printing & Publishing	6,161	2,085	.338	n.a.	n.a.
Chemical and Allied Products and Other	27,517	9,106	.331	n.a.	n.a.
Railroads & Railway Express and Other Trans- portation	8,095	2,473	.307	6,118	6,010
Trucking and Warehousing	6,357	2,317	.364	6,729	n.a.
Communications, Utilities, and Sanitary Services	12,317	3,722	.302	6,679	n.a.
Wholesale Trade	35,610	1,684	.047	6,601	5,111
Retail Trade	50,599	10,861	.215	5,616	5,239

TABLE III (cont.)

INDUSTRY GROUP	Total Employ- ment (1)	Total Minority Employ- ment (2)	Col. (2) Div. (1)	Median Black Earnings	Median Puerto Rican Earnings
Finance, Insurance, Real Estate	30,986	4,986	.161	\$6,169	\$5,703
Hotels and Other Personal Services	10,743	4,740	.441	6,178	5,329
Private Households	5,667	4,301	.759	4,545	n.a.
Business & Repair Services	15,180	4,243	.279	6,508	6,071
Entertainment & Recreation Services	2,180	420	.193	6,816	n.a.
Medical, Dental, Diagnostic, and Other Professional Services	60,335	17,021	.282	7,008	6,031
Public Administration	18,501	2,888	.156	7,814	6,037
Total Employees, 16 years and older	376,666	105,432	.281	\$6,376	\$5,457
Civilian Labor Force 16 years and older	391,962	113,095	.289		
Unemployed, 16 years and older	17,296	7,663	.444		
Unemployment Rate	4.4%	6.8%			

Minority Employment is defined as Black employment plus Puerto Rican employment.

These figures are the median earnings for Puerto Rican workers in all transportation categories.

Source: U. S. Bureau of Census, Characteristics of the Population, New Jersey, Part 2, Section 17.17.1.

Total black county employment was obtained from Table 127, page 12-55.

Total white employment in Essex County was obtained from Table 127, page 12-56.

Total Puerto Rican employment in Essex County was obtained from Table 127, page 12-57.

TABLE IV

NUMBER OF JOBS IN NEW YORK CITY AND NEW JERSEY

(in thousands)

INDUSTRY GROUP	New York City		New Jersey	
	1970	1974	1970	1974
Construction	125.6	122.6	94.9	97.5
Manufacturing	859.8	716.1	766.8	721.0
Transportation, Communication, and Utilities				
	380.5	346.6	155.0	158.1
Trade	844.6	773.3	495.7	544.5
Finance, Insurance, Real Estate	480.9	449.9	105.8	121.0
Services	930.3	900.5	339.5	393.9
Government	564.1	578.0	310.1	361.1
Other	7.7	6.7	16.3	20.6
Total	4,193.5	3,983.8	2,286.1	2,417.1

Source: Regional Planning Association "The State of the Region, A Digest of Selected Trends through 1974" (Regional Plan Bureau (March, 1975) Table 13, p. 32.

E. Roosevelt Homes, General Description

The Roosevelt Homes project is comprised of eleven three story walkups opened in 1946. Roosevelt is considered to be one of the best of the Newark Housing Authority projects. Although located next to a district of mixed commercial and industrial uses, the project has succeeded in maintaining a sense of identity and stability. The turnover rate is low and the vacancy rate is less than 1%. In short, Roosevelt's physical makeup and high degree of tenant satisfaction makes it a good test case for analyzing a conversion. Some basic data on Roosevelt Homes are presented below:

ROOSEVELT HOMES: PROJECT CHARACTERISTICS

Dwelling Units - 273 total

1 bedroom--100
2 bedroom--109
3 bedroom--64

mean rent--\$61 (1975)

Capital Costs

The project was financed with Newark Housing Authority bonds. Interest and principal is paid by the Federal Government through the Annual Contributions Contract.

Bond Issue: 1st series interest 2-5/8%- \$1,053,224 (1944)
3rd series interest 2-3/4%- \$544,225 (1954)
Total Cost \$1,597,449

Remaining principle as of 2/20/75--\$949,876

The 1st and 3rd series bonds are due in 1984 and 1994.

Operating Expenses

Total operating expenses for year ending 3/31/75	\$371,000
HUD operating subsidy (1974-5)	\$171,960
HUD operating subsidy (1975-6)	\$199,390

Improvements

In March, 1975, Roosevelt received modernization funds of \$633,504. Improvements, which are almost complete, include new roofs and compactors.

F. Operating Costs and Cooperative Conversion

Introduction

Good management is the key to the success of any housing development. Although firmness and prompt responsiveness to tenants are major elements of sound management, accurate budgeting is probably most crucial, for the development can only exist and be properly maintained when receipts adequately cover expenses.

Coop conversion for Roosevelt pivots on sound budgeting, for if its purpose is providing units to low-income cooperators, uncontrolled expenses vs. super revenue constraints is the name of the game.

The first step in the process of predicting future operating costs for a housing project is to examine the history of Income and Expense Statements for that particular project. By analyzing past budgets and past trends some insight to the future can be obtained. In order to make trend analyses, an in-depth understanding of each component of expense must be achieved.

A second benefit of an in-depth discussion of the 1974 Income and Expense Statement for Roosevelt Homes will become apparent in discussing the possibility of converting Roosevelt Homes into a cooperative. It is only with a sound knowledge of Roosevelt's expenses that the feasibility of conversion can be decided.

Data Sources

Data for this section comes from three primary sources:

- (1) The Newark Housing Authority--Income and Expense statements for Columbus, Roosevelt, Scudder, and Wright complexes.
- (2) The HUD Area Office (Newark)--Operating Statements for three market structures that are comparable to the Roosevelt in terms of age, structure, number of units per structure and location (Newark).
- (3) David Chronheim Management and Realty Company (Newark) --One Operating Statement for a market structure that is comparable to Roosevelt in terms of age, structure, number of units per structure, and location.

1. Distribution of Current Operating Expenses in Roosevelt

In 1974 total operating expenditures at Roosevelt Homes were \$515,742. The operating statement disaggregates this total expense into nine major expense categories. These expense categories are listed as administration, tenant services, utilities, ordinary maintenance and operation, general expense, non-routine maintenance, capital expenditures, prior year adjustments, and other deductions. Three of these nine expense categories are the major contributors to the total expense of \$515,742. Ordinary maintenance and operation expenses totaled \$173,504 in 1974. The cost of utilities was \$165,012 and the third major category, administration, cost \$71,435.

Each of the nine major expense categories is disaggregated into components. For example, ordinary maintenance and operation is divided into the components of labor, materials, and contract costs. Labor expenses for ordinary maintenance was \$137,963. Significantly, this is seventy-nine percent of ordinary maintenance and operation costs and even more significantly is twenty-seven percent of Roosevelt Home's total expenditures. Clearly, a high portion of the cost of operating Roosevelt Homes can be attributed to labor costs.

The utility category is subdivided into six components. In 1974 over one-half of the utility expenses went for fuel. The cost was \$86,084. A large amount, \$30,632, was spent on

electricity. \$9,670 was paid for water, \$4,697 for gas and \$2,489 for miscellaneous utility expenses. The sixth component of utility expense is labor costs. Again, a substantial portion of the category expense is spent for labor since the cost was \$32,490 in 1974.

The administrative category is subdivided into eight components. The bulk of administrative expense is for non-technical salaries, \$47,036, and for technical salaries, \$13,814. The total administrative expenses for the Newark Housing Authority are pro rated or distributed proportionately among all of the projects. This provides a partial explanation of why administrative expenses are as high as they are presently.

\$81,815 was spent in the general expense category in 1974. This figure includes \$57,467 for employee benefit contributions and \$11,001 for insurance.

The remaining expense categories accounted for a small percentage of total operating expenses. Tenant services cost \$18,184, non-routine maintenance cost \$3,230, capital expenditures were \$536, prior year adjustments were \$1,106, and other deductions were not present.

2. Recent Trends in Operating Expenses in Roosevelt

The total operating expenditures for Roosevelt Homes rose thirty percent between 1973 and 1974. The \$515,742 expense statement discussed in detail above, was \$118,300

higher than the 1973 expense statement. By disaggregating the \$118,300 figure, and by analyzing the extent to which each expense category and each category component contributed to this cost increase, it will be possible to see why expenses rose. In this way, it may be possible to determine whether a past price increase was a one-time affair or whether the trend is likely to continue.

The table, "Roosevelt Homes: Analysis of Operating Statements," displays in terms of both dollars and percentages the degree to which each item of expense changed between 1973 and 1974. A major factor in the expenditure increase was the rising price of fuel between 1973 and 1974. This was a 100 percent increase over 1973. Between 1972 and 1973 there was a slight drop in fuel expenditure. Clearly, the only way to predict future fuel costs for Roosevelt Homes is to predict future market prices for fuel.

Electricity bills increased 26 percent between 1973 and 1974. This \$6,244 increase was significantly more than the approximately \$2300 increase between 1972 and 1973. Other utility costs also rose. The payment for water rose to \$1918, gas rose \$356 and other utility expenses rose \$729. Utility expenses for labor fell a total of \$7,935 or 20 percent. Overall, the recent trend indicates a continuing increase in utility expenses. The presence of continued inflation in the economy adds further substantiation to this prediction.

The category of ordinary maintenance and operation

experienced a major expense increase. Labor expenditures rose by 29 percent, from \$107,000 to \$137,963. Material expenditures increased by \$5,493 and contract costs fell \$551. As an aggregate, maintenance and operation costs rose by 26 percent for an increase of \$35,905.

Administrative expenditures rose 25 percent between 1973 and 1974. \$10,694 of the \$14,287 expense rise was from the increase in funds for technical salaries.

General Expenses increased 24 percent. This was due to a \$6,177 increase in collection losses and a \$14,144 increase in employee benefit contributions.

Expenditures in the other categories were significantly higher in 1974 than in 1973 if expressed in terms of percentage increases but in dollar terms were less significant. Tenant services climbed 57 percent to \$18,104, and non-routine maintenance jumped 232 percent or \$2,256.

The table "Categories of Major Expense Change" displays the areas in which the major cost changes have occurred. These changes were discussed in detail above.

3. Estimating Operating Costs

Utilities

Estimates for utility costs are derived by analyzing the 1974 average per unit cost of (1) the market comparables, (2) public housing units, and (3) specifically, the Roosevelt complex.

(1) Market Comparables: The following table indicates that the most expensive per unit cost item for Newark market comparables is heating fuel, averaging \$202 and ranging within the cases from a low of \$155/unit to a high of \$240. Electricity, averaging \$47/unit, ranks second. Gas and janitor materials rank third and fourth, respectively, as high cost items.

<u>1974 Average Cost Per Unit</u>					
	<u>Cases</u>				Aggregate Avg.
	1	2	3	4	
<u>Operating exp.</u>					
Heating	\$198	\$145	\$224	\$240	\$202
Janitor materials	25	9	-	41	25
Electricity	23	37	85	44	47
Water	25	-	-	11	18
Gas	-	-	-	37	37

Due to the lack of data for some utility items, the aggregate average is derived solely from the number of entries of each row item. The reader is referred to Appendix A for an annual breakdown (1971-1974) of average per unit cost for individual cases.

(2) Public Housing: Heating fuel is the highest average per unit cost (\$293) among utility costs in Newark's

public housing. Electricity ranks second, averaging \$90/unit, while water and gas rank third and fourth, respectively.

Utility Costs—Budget Implications: Since utility costs have been the most variable in operating budgets over the last two or three years, base budgets (year #1 of operation) for Roosevelt under cooperative ownership are derived by focusing on these costs. Future budgets are also derived by focusing on recent increases in utility costs.

Since there are large discrepancies between public housing and market housing utility costs, comparative budgets for the base and future years are made. One budget is based on the actual or per unit utility costs of Roosevelt since there is no apparent reason as to why they are higher than the costs in other public housing complexes and since they deviate drastically from the per unit cost of comparable market structures. The other budget is based on the per unit utility cost of comparable market structures. The former budget assumes that utility expenses for Roosevelt will remain constant after the conversion into coops, while the latter assumes that the individual units will be metered separately and more importantly, that the occupants will be more "savings conscious" since they will have to underwrite their individual utility costs.

Insurance and Taxes: Insurance costs have been estimated at approximately 4% of gross income based on the

amount expended for market structures. The present 1974 cost of insurance for Roosevelt is 5% of gross income. Since the difference between the insurance cost (as a % of income) for Roosevelt and the market comparables is only 1% the present amount expended (\$11,000 per year) for insuring Roosevelt is used in all budget computations. The reader is referred to Appendix B for a detailed breakdown of insurance as a "% of income" from 1971-1974 for the individual cases.

Insurance as a % of Income, 1971- 1974

Cases			
1	2	3	aggregate average
42.5%	3.25%	4.5%	4%

1974 Average Cost Per Unit

	Cases				Aggregate Avg.
	Roosevelt	Scudder	Wright	Columbus	
# of units	274	1676	1206	1556	
Fuel	\$314	\$292	\$239	\$328	\$293
Electricity	112	119	103	85	90
Water	35	57	60	61	53
Gas	17	21	29	24	23

Source: City of Newark Public Housing Authority, Statements of 1974 Operating Receipts and Expenditures for Roosevelt, Scudder, Wright and Columbus Housing Projects.

[3] The Roosevelt Complex: As indicated from the preceding table, fuel and electricity per unit costs for Roosevelt are higher than the aggregate per unit averages of both the market comparables and the public housing units. The per unit cost of water, though lower than the aggregate average per unit cost in Newark's public housing, is almost double the aggregate average in comparable market structures.

Summary: Clearly, the utility cost of public housing units is higher than the costs of comparable market structures. The discrepancy in these costs is probably the most attributable to the larger proportion of two and three bedroom units in the public housing complexes. Unless economies of scale are involved, deciphering reasons why Roosevelt (with the smallest number of units of the four observed public housing complexes) has the second highest fuel and electricity average cost per unit of the four housing complexes is more difficult. Presumably, these other larger complexes have larger proportions of two and three bedroom units than Roosevelt and higher per unit costs.

Taxes: Real estate taxes have been difficult to estimate since the Newark Assessor's Office has not been helpful in releasing a figure for the approximate tax levy for Roosevelt under cooperative ownership. The 10% of income in lieu of taxes presently being paid to the City serves no useful purpose for estimating the taxes once the form of the property's ownership changes.

Since the taxes, as a % of income, levied both on Roosevelt and the market structures are inappropriate for calculating the cooperative's tax bill, an abatement assumption is made that will reduce the tax levy to 1% of Roosevelt's rental income after ownership conversion. The abatement assumption is not without some basis, however. Case #5, which is under cooperative ownership, has expended 14%, 12% and 10% of its rental income for 1971, 1972, and 1973, respectively. The average tax levy for the three years is 12% of gross income. (See Appendix B) Therefore, considering other operating expenses, the 15% is deemed acceptable, being only 3% above the market coop's average tax bill but, moreover, being the maximum allowable "percent of income" without up and out of the reach of the target population.

Maintenance

Assuming that rehabilitating the property for conversion will reduce the maintenance costs in the early years of operation, a replacement reserve of 7% of gross income is calculated for maintaining the complex.

Management and Other Administrative Costs

Management, legal and auditing, and telephone/telegram expenses are determined by the average "expense as a % of income" from comparable market operating budgets. These

average percentages of income are very similar to "standard" percentages of income expended from these items. (See Appendix B).

Administrative Costs as a % of Income

	1	2	3	aggregate avg.
Mgmt. fee	-	5.25%	4.75%	5%
Legal and auditing	1.3%	.5	1.275	1
Telephone/telegraph	.3	.95	.275	.5

Other Operating Costs Items

Protective Services: Security cost is estimated at \$39,000. The figure is based on the present six man team spread over a twenty-four hour shift for Roosevelt. The annual salary per security guard is \$6,500.

Garbage Removal. The current market rate for garbage removal in Newark is \$3.00 per month per apartment. The figure was obtained in an interview with management agents from one of Newark's largest management firms.

Exterminating: This cost is based on market rates at \$2.00 monthly per apartment.

Janitor Materials: Materials include such items as cleaning, electric, hardware, plumbing and painting supplies. The annual cost for materials is estimated at \$6900. It is

based on the 1974 cost for a 270 unit complex managed by Chronheim's Realty and Management Firm.

Maintenance Payroll: The payroll includes two full-time maintenance employees, two full-time janitors and one superintendant. The total annual payroll is \$38,000, with janitors and maintenance employees' compensation being \$7,000 each and \$10,000 for the superintendant. Staff requirement and salaries were estimated by the Operating Budget component for this study.

4. Operating Costs: Cooperative vs. Public Housing

The feasibility of converting Roosevelt Homes into a cooperative hinges largely on whether or not rental income and other forms of income will be sufficient to cover the total expenses incurred by the cooperative. Maintenance and operating costs are a major component of the expense of operating a housing project. It is, therefore, vital that a good estimate be made of the maintenance and operating costs that would be experienced by a cooperative.

It is important to use two time frames when specifying the maintenance and operating costs that will be experienced by a cooperative. For the first time frame, the present, a base year budget must be established. This base year budget is the predicted 1974 budget for a cooperative. By estimating what the budget for Roosevelt Homes in 1974 would have

been if Roosevelt Homes was a cooperative in 1974, it is possible to hold constant the inflationary effects of time. It is only by artificially holding costs constant that the variable "form of ownership" can be isolated from the variable "rising operating costs due to inflation." The two Base Budgets for Roosevelt Homes that were derived by averaging the expenses found in the private market cases, are formed with the purpose of predicting the costs for a cooperative in the first time frame, the present. It is also vital to examine maintenance and operating costs in the second time frame, the future. This projection of the Roosevelt Base Budget into the future will follow the analysis of the Budget in the base year.

Two base budgets, predicting operating expense statements for Roosevelt Homes as a Co-op in 1974, were established. These budgets are based on an analysis of operating expenses found in the private housing market. (See Base Budgets I and II.) The method for deriving these budgets has been previously explained.

Base Budget II is actually a statement of the average budget of private market housing projects which have physical characteristics similar to those found in Roosevelt Homes. The implicit assumption, when applying Budget II, is that if Roosevelt Homes was converted to a cooperative, then the maintenance and operating costs would be the same as those found in private market housing. Budget II is the low estimate

Base Budget I
(Utility cost based on Roosevelt
per unit expense in 1974)

<u>Admin. Exp.:</u>	<u>per unit</u>	<u>total</u>	<u>% of income</u>
mgt. fee		\$17,400	5%
legal and auditing		1,500	1
telephone and telegraph		1,500	1
sub-total		24,400	7
<u>Operating Exp.:</u>			
heating fuel	314	86,000	
janitor materials	25	6,900	
electricity	112	30,600	
water	35	9,700	
gas	17	4,700	
garbage removal	36	9,800	
protective services	143	39,000	
exterminating	2	500	
payroll		38,000	
sub-total		225,200	65
Replacement reserve (including 3% vacancy allowance)		34,800	10
Taxes		52,100	15
Insurance		11,900	3
sub-total		97,800	
TOTAL		<u>\$347,500</u>	

Base Budget II

(Utility cost based on market comparables
1974 per unit expense)

<u>Admin. Exp.:</u>	<u>per unit</u>	<u>total</u>	<u>% of income</u>
mgmt. fee		\$13,800	54
legal and auditing		2,800	1
telephone and telegraph		2,800	1
sub-total		19,400	7
<u>Operating Exp.:</u>			
heating fuel	202	55,300	
janitor materials	25	6,900	
electricity	47	12,900	
water	18	4,900	
gas	37	10,100	
garbage removal	36	9,800	
protective services	143	39,000	
exterminating	2	500	
payroll		38,600	
sub-total		\$177,400	65
Replacement reserve (including 3% vacancy allowance)		27,700	10
Taxes		41,500	15
Insurance		11,000	3
Sub-total		80,200	
TOTAL		\$277,000	

for maintenance and operating costs for Roosevelt Homes as a cooperative.

In order to determine the probability of a Roosevelt cooperative experiencing Base Budget II it is necessary to compare Base Budget II to the actual 1974 Budget for Roosevelt Homes. Base Budget II assumes that the cooperative will pay five percent of their rental income to a Management agency. Legal and auditing fees and telephone and telegraph bills are equivalent to one percent of income in the private housing cases. Thus, the total administrative expense in Base Budget II is \$19,400. The Newark Housing Authority spent \$71,435 for administration of Roosevelt Homes in 1974. In essence, Base Budget II predicts that administrative expenses would be \$52,035 lower than presently if Roosevelt was converted to a cooperative. This is not an unsound prediction. The current \$71,435 figure reflects the fact that the Newark Housing Authority pro rates its total front office costs among the various projects. Much of the \$71,435 was not spent on the actual management of Roosevelt Homes. The predicted \$19,400 administration cost under a co-op arrangement is justified, as the standard fee for private management firms is five to six percent of a project's rental income.

The utility costs in Base Budget II are substantially lower than the actual 1974 utility costs in Roosevelt Homes.

It is questionable as to whether or not a Roosevelt Cooperative could cause utility costs to decline so significantly. In Base Budget II the per unit cost for heating fuel is \$202, for electricity is \$47, for water is \$18, and for gas is \$37. In comparison, the actual per unit annual costs for Roosevelt were \$314 for heating fuel, \$112 for electricity, \$35 for water and \$37 for gas. Base Budget II assumes that the residents of a cooperative will cut utility costs by being more conservative in their use of utilities. Such conservation could be encouraged by billing each tenant individually.

Base Budget II allows \$38,000 for the payroll. This would pay for four full time maintenance men and for one full time maintenance supervisor. A conversation with a private management firm indicates that this is a reasonable number of laborers for private market housing. The actual labor expense for Roosevelt Homes in 1974 was \$170,453.

Base Budget II allocates \$39,000 for protective services. This is an expense not found in the current Roosevelt Homes budget. At present six full time security guards are employed at Roosevelt Homes. Their salaries are paid for by the Law Enforcement Assistance Administration. If Roosevelt Homes lost its status as public housing the cooperative would have to pay the salaries of these security guards.

Base Budget II reserves seven percent of total income for replacement costs and three percent for a vacancy

allowance. Vacancy allowance might fluctuate between three and five percent and replacement costs between five and seven percent. This \$27,700 reserve probably represents a minimum figure. Replacement reserves are not adequately represented in the Roosevelt budget since much of the actual 1974 replacement funds came from the Department of Housing and Urban Development's modernization allocations.

Property taxes are significantly higher in the Base Budget because if Roosevelt Homes is converted to a cooperative it will lose the tax advantage given to public housing projects. In 1974 a payment of \$4,858 was made in lieu of taxes. If Roosevelt Homes was a cooperative, then fifteen percent of total income would be the tax payment. In Base Budget II fifteen percent of total income is \$41,500.

The insurance premium is assumed to be the same irregardless of whether Roosevelt is a cooperative or public housing.

The Grand Total of expenses enumerated in Base Budget II is \$277,000. Base Budget II, predicts that if Roosevelt Homes was a cooperative in 1974, then the total maintenance and operating costs would have been \$277,000 instead of the actual total of \$515,742.

Base Budget I differs from Base Budget II only in one respect. Base Budget I is the high estimate for maintenance and operating costs for Roosevelt as a cooperative. The difference between Base Budget II and Base Budget I is that

in Base Budget I utility costs are assumed to be the same as the actual utility costs for Roosevelt Homes in 1974. Thus, the assumption of Base Budget I is that a cooperative association could not do anything which would cause utility expenses to decrease. Base Budget I would be the better estimate if the high utility costs in Roosevelt are caused by structural conditions in Roosevelt rather than by misuse of utilities by tenants. The Grand Total maintenance and operating expense under Budget I is \$347,500. This is less than the actual maintenance and operating cost for Roosevelt Homes in 1974.

5. Budget Predictions for Roosevelt

In determining the conversion feasibility, it is necessary to study future cost vs. future income capability. Since this project depends on revenue from a predominantly low-income tenantry, some foresight into cost increases is most useful for deciding (1) whether a predominant low-income tenantry will be the target population over time, (2) whether a mixed-income tenantry will be necessary and if so, in what year of the coop's operation and (3) whether a predominantly low-income or mixed tenantry will be able to support the coop's continued operation. Specific analyses of rent levels and income ranges of possible cooperators are discussed in the financing and market components of this study. Only general rent levels and income ranges are noted here.

Operating budgets are projected for the second year of Roosevelt under cooperative ownership. As with the base year, there are two budgets derived from comparative purposes. One is based on the increase in utility costs in the Roosevelt complex from 1973-1974, and the other on increases in utility costs for comparable market structures. (See Appendix C)

Projection of Utility Costs Based on
Roosevelt's 1973-1974 increases

	<u>'73-'74 increase</u>	<u>1974 cost</u>	<u>projected '75 costs</u>	<u>'75 per unit cost</u>
heating fuel	100%	\$86,084	\$172,168	\$628
electricity	26%	30,632	38,596	141
water	251%	9,670	33,942	124
gas	9%	4,687	5,108	19

Projection of Utility Costs Based on
Structures' '73-'74 increases

	<u>'73-'74 avg. incr.</u>	<u>avg. per unit 1974 cost</u>	<u>projected '75 cost</u>
heating fuel	64%	\$202	\$331
electricity	13%	47	53
water	2%	18	18.4
gas	0%	37	37

ROOSEVELT HOMES: ANALYSIS OF OPERATING STATEMENTS

ACTUALS FOR 1973 AND 1974

Expenses

	1973	1974	Difference	% Change
Administrative:				
1. Non-technical Salaries	\$45,053	\$47,036	\$1,983	4
2. Technical	3,120	13,814	10,694	342
3. Legal Expenses	1,763	1,720	43	-2
4. Travel	94	150	56	59
5. Publications	21	67	46	219
6. Membership Dues and Fees	132	181	49	37
7. Telephone and Telegraph	1,214	2,671	1,457	120
8. Sundry	5,752	5,797	45	.8
9. Total Administrative Expense	57,148	71,435	14,287	25
Tenant Services:				
10. Salaries	9,210	11,477	2,267	25
11. Recreation, Publication etc.	489	1,009	520	106
12. Contract costs- Training and Other	1,839	5,618	3,779	205
13. Total Tenant Service Expenses	11,538	18,104	6,566	57

	1973	1974	Difference	% Change
Utilities:				
14. Water	\$ 7,752	\$ 9,670	\$ 1,918	25
15. Electricity	24,388	30,632	6,244	26
16. Gas	4,291	4,647	356	8
17. Fuel	42,863	86,084	43,221	100
18. Labor	40,425	32,490	-7,935	-20
19. Other Utility Expense	1,760	2,489	729	41
20. Total Utility Expense	116,479	166,012	49,533	43
Ordinary Maintenance and Operation:				
21. Labor	\$107,000	\$137,963	30,963	29
22. Materials	12,225	17,718	5,493	45
23. Contract Costs	18,774	17,823	-951	-5
24. Total Ordinary Maintenance and Operation	137,999	173,504	35,505	26
General Expense:				
25. Insurance	\$ 10,545	11,001	456	4
26. Payments in Lieu of Taxes	9,741	-4,858	4,883	-40
27. Terminal Leave Payments	930	652	-278	-30
28. Employee Benefit Contributions	43,323	57,467	14,144	33
29. Collection Losses	1,350	7,527	6,177	457

	1973	1974	Difference	% Change		1973	1974	Difference	%Change
30. Interest on Admin. and Sundry Notes	-	-	-	-	42. Total Operating Expense (lines 38,42)	\$389,997	\$514,636	\$124,639	32
31. Other General Expense	\$ 193	\$ 310	\$ 117	61	Prior Year Adjustments:				
32. Total General Expense (lines 30,31)	66,082	81,815	15,733	24	43. Affecting Residual Receipts	7,355	1,106	-6,249	85
33. Total Routine Expense (lines 9,13,20,24,32)	388,846	510,870	122,024	31	44. Basic Annual Leased Contributions	-	-	-	-
Non-routine Maintenance:					45. Contributions for Special Subsidy Families	-	-	-	-
34. Extraordinary Maintenance	974	3,230	2,256	232	46. Contributions for Rental Assistance	-	-	-	-
35. Casualty losses Noncapitalized Net	-	-	-	-	47. Total Prior Year Adjustments-Debit or (Credit) lines 44-47	7,355	1,106	-6,249	85
36. Total Non-routine Maintenance	974	3,230	2,256	232	Other Deductions:				
Rent For Leased Dwellings:					48. Deposits in Rental Debt Service Account	-	-	-	-
37. Rent to Owners of Leased Dwellings	-	-	-	-	49. Deficiency in Residual Receipts at End of Preceding Fiscal Year	-	-	-	-
38. Total Operating Expense (lines 33,36,37)	389,820	514,100	124,280	32	50. Total Other Deductions (lines 48-49)	-	-	-	-
Capital Expenditures:					51. Total Operating Expenditures, including Prior Year Adjustments and Other Deductions (lines 43-49+44)	397,352	515,742	118,390	30
39. Replacement of Non-expendable Equipment	217	155	-62	29					
40. Property Betterments + Additions	(40)	381							
41. Total Capital Expenditures (lines 39,40)	177	536	359	203					

CATEGORIES OF MAJOR EXPENSE CHANGE

1972-1973
 Non-Technical Salaries \$ -9,451
 Labor-Utilities +8,162

1973-1974
 Technical Salaries +10,693
 Water +1,997
 Electricity +6,243
 Fuel +43,221
 Labor-Utilities -7,935
 Ordinary Maintenance-Labor +30,963

1974-1975 Predicted by NHA
 Non-Technical Salaries -11,334
 Technical Salaries +4,009
 Electricity +4,338
 Ordinary Maintenance-Labor -11,682

Exhibit A

Operating Expenses, Year 11

(based on Roosevelt's 1973-
 1974 utility increases)

	per unit	total	% of income
<u>Admin. Exp.:</u>			
mgmt. fee		\$ 26,600	5%
legal & auditing		5,300	1
telephone & telegraph		4,300	1
Sub-total		37,200	7
<u>Operating Exp.:</u>			
heating fuel	628	192,200	
janitor materials*	26	7,000	
electricity	141	38,600	
water	124	34,000	
gas	19	5,100	
garbage removal*	36	9,900	
protective services*		39,400	
exterminating*	2	500	
payroll*		38,400	
Sub-total		345,100	65
Replacement reserve (including 1% vacancy allowance)		53,100	10
Taxes		79,600	15
Insurance		16,000	3
Sub-total		148,700	28
<u>Total</u>		<u>\$531,000</u>	

* items that have assumed a 1% inflationary increase above base budget cost

Exhibit B

Operating Expenses, Year 21
(based on 1973-1974 utility
increases for mkt. structures)

	per unit	total	% of income
<u>Admin. Exp.:</u>			
mgt. fee		\$ 16,600	5%
legal & auditing		3,300	1
telephone & telexgraph		1,200	1
Sub-total		21,100	7
<u>Operating Exp.:</u>			
heating fuel	331	90,700	
janitor materials*	26	7,000	
electricity	53	14,500	
water	18	4,900	
gas	37	10,100	
garbage removal*	36	9,900	
protective services*		39,400	
exterminating*	2	500	
payroll*		38,400	
Sub-total		215,400	65
Replacement reserve (including 3% vacancy allowance)		33,100	10
Taxes		49,700	15
Insurance		10,000	3
Sub-total		92,800	28
<u>Total</u>		<u>\$331,400</u>	

* items that have assumed a 1% inflationary increase above base budget cost

The first budget (Exhibit A) based on Roosevelt's '73-'74 utility costs increases indicates that total operating expenses will increase from \$347,500 (see Base Budget I) in the base year to \$531,000, a 53% increase. Exerting the most impact on the total increase in expenses is heating fuel at \$628 per unit. Assuming that (at a minimum) revenues will equal expenses, the rise in rents would have to be concomitant to the rise in costs. According to this budget, the average annual cash outflow for rents from occupants would be \$1,949. If the Brooke Amendment gives some measure of a rent/income ratio (25%), then the average minimum annual income requirement is \$8,000. The average rent per unit in the first year of the coop's operation is \$1,300; the average minimal income requirement is \$5,200. Clearly, the rise in minimal average income from the base to the second year indicates that a mixed income tenantry is required if expenses are to be met.

The other budget (Exhibit B) indicates that the expenses based on the comparable market structures, continue to be lower than expenses for Roosevelt under government ownership. Total operating expenses increased from \$277,000 (see Base Budget II) in the base year to \$331,400, a 20% increase. Again assuming, as a minimal, that income will have to equal cost, the average annual rent per unit in the second year of operation would have to be at least \$1,200. This means that the average minimal income requirement per family would be

\$4,800. The average rent in the first year is \$1,000 per unit; the average minimal income requirement is \$4,000. The increase in average minimal income per family is still within a low-income range.

During these times of continued economic instability, it is very difficult to predict, with any accuracy, the cost of almost any item from one month to the next, much less from one year to another. Since one of the primary objectives of this coop conversion is to deliver them to low-income families, clearly, the budgets (both base and for the second year) based on present utility cost for Roosevelt rule out any possibility of a predominant poverty populated coop after the first year. The budgets, based on utility cost of market structures, have not eliminated the possibility of a low-income coop, however. Therefore, in the interest of providing coops to low-income families over time, we dare to speculate what cost will be five years hence.

The budget for year five is based on the utility costs increase for market structures from 1971 1974.

Projection of Utility Costs Increase

	<u>'71-'74 avg. % increase</u>	<u>'74 avg. per unit cost</u>	<u>projected '78 per unit cost</u>
heating fuel	22%	\$202	\$246
electricity	11%	47	52
water	6%	18	19
gas	0%	37	37

The projection (Exhibit C) indicates that the total expenses for year five will be higher than they were for the base year (see Base Budget I), from \$277,000 to \$299,400. However, the total expenses for year five are less than the projected expenses for the second year. The small increase in projected expenses for year five is explained by having been calculated by the average increase in cost over four years. Budgets for year #2 are calculated on the basis of costs increase for one year (1974), the year of the greatest increase in costs.

The minimum average annual income requirement per unit for the fifth year is \$4,400, with \$2,100 as the minimum average rent per unit (again assuming a maximum rent/income ratio of 25%). If the budget for year #5 is in any way acceptable, it is concluded that the coop can be delivered to a large number of low-income shareholders, provided that rehabilitation upon conversion and "cost consciousness" among cooperators induce near market utility costs.

Exhibit C

APPENDIX A
Expense Per UnitOperating Expenses, Year V(based on increases in utility costs
for mkt. structures from 1971-1974)

	<u>per unit</u>	<u>total</u>	<u>% of income</u>
<u>Admin. exp.:</u>			
mgmt. fee		\$ 14,900	5%
legal & auditing		3,000	1%
telephone & telegraph		3,000	1%
Sub-total		20,900	7%
<u>Operating exp.:</u>			
heating fuel	246	67,400	
janitor materials*	26	7,100	
electricity	52	14,200	
water	19	5,200	
gas	37	10,100	
garbage removal*	37	10,100	
protective services*		40,500	
exterminating*	2	500	
payroll*		39,500	
Sub-total		194,600	65%
Replacement reserve (including 3% vacancy allowance)		30,000	10%
Taxes		44,900	15%
Insurance		9,000	3%
Sub-total		83,900	28%
Total		\$299,400	

<u>Case #1:</u> 3-story walk-up; 27 units; completed in 1949	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>Avg</u>
<u>Operating Exp.</u>					
heating fuel	\$148	\$152	\$151	\$198	\$163
janitor materials	34	21	25	25	26
electricity	15	19	20	23	19
water	16	21	24	25	22
gas	-	-	-	-	-
garbage removal	-	-	-	-	-
payroll	24	26	-	-	15
exterminating	4	4	4	4	4

<u>Case #2:</u> 3-story walk-up; 36 units; completed in 1950					
<u>Operating Exp.</u>					
heating fuel	85	75	89	143	99
janitor materials	20	18	14	9	13
electricity	26	36	34	37	33
water	-	-	-	-	-
gas	-	-	-	-	-
garbage removal	-	-	-	-	-
payroll	30	33	33	58	39
exterminating	4	-	44	4	4

<u>Case #3:</u> 3-story walk-up; 45 units; completed in 1950					
<u>Operating Exp.</u>					
heating fuel	123	113	113	224	143
janitor materials	-	-	-	-	-
electricity	69	88	85	85	82
water	-	-	-	-	-
gas	-	-	-	-	-
garbage removal	-	-	-	-	-
payroll	57	-	94	95	82
exterminating	-	-	-	-	-

*items that have assumed a 1% annual inflationary increase
(4% per item for 4 years) above base budget cost

Case #4: 3-story walk-up; 2 bldgs., 270 units; completed in 1950

Operating Expenses (data available for 1974 only)

heating fuel	\$240
janitor materials	41
electricity	44
water	11
gas	37
garbage removal	36
payroll	-
exterminating	2

Appendix B

Expenses as a % of income

Case #1: 3-story walk-up; 27 units; completed in 1949					
Admin. Exp.	'71	'72	'73	'74	Avg.
management	-	-	-	-	-
telephone & telegraph	.3	.3	3	.3	.3%
legal & auditing	1.8	1.08	2.01	1.3	1.5%
<u>Operating Exp.</u>					
heating fuel	9	10	9	12	10%
electricity	1	1	1	1	1%
water	1	1	2	1	1%
gas	-	-	-	-	-
<u>Maintenance</u>	7	8	4	5	6%
<u>Taxes</u>	23	29	29	26	27%
<u>Insurance</u>	7	4	3	3	4%
 Case #2: 3-story walk-up; 36 units; completed in 1950					
Admin. Exp.					
management	7	3	5	6	5%
telephone & telegraph	.8	1	1	1	1%
legal & auditing	.5	.3	.6	.6	.5%
<u>Operating Exp.</u>					
heating fuel	6	5	6	9	7%
electricity	2	2	2	2	2%
water	-	-	-	-	-
gas	-	-	-	-	-
<u>Maintenance</u>	6	6	5	7	6%
<u>Taxes</u>	42	45	43	39	42%
<u>Insurance</u>	4	3	3	3	3%

Case #1: 3-story walk-up; 49 units; completed in 1950

	'71	'72	'73	'74	Avg.
<u>Admin. Exp.</u>					
management	4	3	5	7	5%
telephone & telegraph	.3	-	.6	.2	.3%
legal & auditing	2	.3	.9	1.9	1%
<u>Operating Exp.</u>					
heating fuel	8	7	6	11	8%
electricity	5	5	4	4	5%
water	-	-	-	-	-
gas	-	-	-	-	-
<u>Maintenance</u>	15	15	15	18	16%
<u>Taxes</u>	35	36	31	20	31%
<u>Insurance</u>	6	5	4	3	4.5%

Case #4: 3-story walk-up; 270 units; completed in 1950

Expense per unit is not calculated because income figures were not given.

Appendix C Cost Increases

Case #1: 3-story walk-up; 27 units; completed in 1949

	'71-'72 \$ inc.	'72-'73 \$ inc.	'73-'74 \$ inc.
<u>Operating Exp.</u>			
heating fuel	3%	-4%	31%
electricity	20	6	17%
water	37	14	2%

Case #2: 3-story walk-up; 36 units; completed in 1950

heating fuel	-11	18	64%
electricity	41	-7	9%
water	-	-	-
gas	-	-	-

Case #3: 3-story walk-up; 49 units; completed in 1950

heating fuel	-18	0	98%
electricity	18	-4	0
water	-	-	-
gas	-	-	-

Case #4: 3-story walk-up; 270 units; 2 blggs.; completed in 1950
Cost increases were not calculated because data for this project was given only for 1974.

Average Cost Increases for Cases 1, 2 & 3 1971-1974

	Case #1	Case #2	Case #3	Average
heating fuel	11%	24%	30%	22%
electricity	15	14	5	11%
water	18	-	-	6%
gas	-	-	-	-

G. Financing a Cooperative Conversion: Roosevelt Homes

What are the financial possibilities and constraints to a conversion of a public housing authority project to a tenant owned cooperative? As a model, Roosevelt Homes will be examined to test various options. Each option will be examined on the basis of the following criteria:

- 1) Impact on subsidies
- 2) Impact on the City of Newark
- 3) Impact on the Newark Housing Authority
- 4) Impact on rents and tenants

Because this paper is a pre-feasibility study, the reader should keep in mind that all cost estimates are rough. Furthermore, this section of the paper does not deal with the sticky issue of the process of cooperative conversion. The conversion of a rental project to a cooperative usually takes one or two years. During this period, the cooperative incorporates, contracts out management services, sets up a Board of Directors, and, most importantly, markets its units. The costs involved in conversion are both financial and social. Individuals within the Housing Authority have indicated that the NBA would be able to provide the technical and administrative assistance necessary in the conversion process. The issues of marketing and relocation are dealt with in other sections of this report.

Methodology

Three basic options for conversion of Roosevelt to a cooperative are tested. Within each option, various

assumptions about operating expenses are made. These assumptions are based on the predicted operating costs that were discussed in another section of this report.

The four impacts discussed above are operationally defined. "Impact on subsidies" simply refers to the increase or decrease in dollars from HUD that accrue under each option. The "impacts on Newark" are twofold: 1) The net increase on property taxes that take place due to conversion, 2) the net effect of the loss of Federal subsidy. The impact on the Newark Housing Authority will be narrowly defined for the purposes of this section. Only the financial effects of conversion on Housing Authority operations will be dealt with. Finally, the impact of conversion on rents and gross income requirements will be examined.

The final impact, rent levels, constitutes the bulk of the financial analysis. As stated before, predicted rents are based on the operating cost assumptions discussed earlier in this report. For each operating assumption, a rent table for one, two and three bedroom units is derived. For each bedroom type, three rent levels are given. The rents are for "low income," "high-low income," and "moderate income" people. The percentage of units allocated "low" and "high-low" income groups are 25% each; the "moderate income" rents are allocated 50% of the units.

These rent levels are used to illustrate a mixed income approach to the project. They are not meant to constitute

an unchangeable schedule.* Under each operating assumption, of course, the rent levels necessary to maintain the project will change.

From the estimated rent levels, minimum gross income requirements are derived. In order to obtain the gross income figure, it is assumed that a tenant will not pay more than 25% of his income towards rent. Thus, monthly rent is multiplied by 4 to get a base monthly income requirement, and then by 12 in order to get a base yearly income requirement.

However, rents are figured on the basis of net income requirements. Net income must take into account the 7% social security tax and a \$300 deduction for each dependent in the unit. In order to take into account the social security tax, the yearly income requirement is divided by .93. It is assumed that one, two, and three bedroom units will have one, three, and five dependants respectively. The number of dependents is then multiplied by \$300 and added on in order to find the gross rent.

*To see an example of this "mixed income" approach, see the discussion on the Forest Hills cooperative in Appendix B.

Example

2 bedroom unit, rents for \$150

Monthly income requirement-\$600 ($\$150 \times .25$)

Yearly income requirement-\$7200 ($\600×12)

Social security tax adjustment -\$7740 ($\$7200 \div .93$)

Dependent adjustments \$ 900 (3 dependents,
\$300 each)

GROSS INCOME REQUIRED TO RENT UNIT \$8640

It should be emphasized here that the income required does not indicate a demand. As the marketing section of this report stated, as income goes up, an individual is likely to spend a lower percentage of income on rent. Therefore, the "income requirements" given must be seen as minimums.

Option 1: Conversion With No Rehabilitation

Under this plan, the project would be turned over to a cooperative organization as is. The Federal Annual Contribution for debt service would continue. However, the operating subsidy would be eliminated. In order to calculate impacts, three operating cost assumptions have been made. The first operating assumption presumes that the expenses under a cooperative ownership would remain identical to the present expenses. However, because the project would be independent of the Housing Authority, additional expenses would be incurred. These expenses would include real estate, taxes, a vacancy allowance, and operating and replacement reserves

Operating Statement

Total Expenses	
Operating Expenses	371,730
Real Estate Tax (15%)	74,581
Reserve and Vacancies	<u>46,013</u>
Total Expenses	492,324

Rents

Bedrooms

	# Units 1	Rent	# Units 2	Rent	# Units 3	Rent
Low income	20	105	25	120	14	143
high-low income	40	135	42	155	25	170
moderate income	40	150	42	170	25	185
Total	100		109		64	

Mean Rent \$150

Gross Income Needed by Tenant

Bedrooms

	1	2	3
Low income	5,740	7,160	8,995
High-low income	7,290	8,967	10,387
Middle-income	8,065	9,740	11,160

The impacts of immediate conversion are substantial.

As was mentioned earlier, a conveyance to a cooperative would have a drastic effect on the nature of the subsidies. The Federal Government would be able to forego payment of the operating subsidy (currently \$199,390). It would probably be technically possible to provide some subsidies to this project through Section 8. However, the advantages of such a policy are unclear, at best. Because Newark has only a limited number of units allowable for Section 8, the use of this subsidy for Roosevelt would constitute a substantial opportunity cost. By eliminating the operating subsidy and picking up Section 8, rents could be lowered. However, the number of units subsidized elsewhere by Section 8 would be decreased.

The effect on the City of Newark would be mixed. On the one hand, the city would pick up \$74,581 in real estate taxes. This is a net gain as the Housing Authority does not pay any taxes right now. However, the operating subsidy from HUD can be viewed as "export" income into Newark. That is the money generates employment effects through the Newark Housing Authority. Also, by subsidizing the rents of tenants, it allows them to spend their disposable income elsewhere.

The impact on the Newark Housing Authority is also mixed. Through cooperative conversion, the Housing Authority would be able to decrease the size and amount of its inventory. However, because the cooperative would be independent of the

Housing Authority, it is probable that new management would be chosen. Many expenses of the Housing Authority such as central administration and labor costs, are fixed. Some of these expenses are allocated to the projects on the basis of the number of the units in the project. Because the Housing Authority would loose the Roosevelt account, it would have to reallocate expenses to other projects. This would result ultimately in slightly higher rents for the other projects.

There is no ambiguity to the impact of conversion on tenants. Rent would more than double, to an average of \$150. The sharp increase in rent would necessitate relocation of many tenants in Roosevelt, as is discussed later in this report. The higher rent would result in negligible financial benefits for tenants. Given the low income nature of many of the "cooperators," income tax deductions for real estate taxes would be of minimal benefit.* The ability to recapture equity would be questionable. Even though the 1974 Housing Act states that a project can be turned over to tenants, no specific rules and regulations have been published. At best, it is likely that tenants would be allowed to build up equity only at a very slow rate as in Turnkey III. A second possibility is that tenants would be bound to sell

TABLE 1

Impacts of Conversion

	Existing	Conversion to cooperative		
		High budget	Medium	Low
Operating Expenses	371,000	492,324*	394,044	279,876
<u>IMPACTS</u>				
Subsidies	199,360	Loss of operating subsidy (potential use of section 8)		
Newark				
Real Estate Taxes	4,958	74,580	42,100	41,500
Housing Authority		Loss of "export" subsidy		
		Elimination of project from inventory		
Tenants				
Average rents	74	150	107	85

*Because the Federal Government would continue to pay interest and principle on the debt service, interest would not be a tax deductible expense.

their units for a price not greater than the down payment plus improvements made to the units minus depreciation. This amount, however, is negligible.

However, it should be remembered that the preceding discussion is based on the notion that operating and maintenance costs will not be reduced. One of the propounded advantages of a cooperative is its ability to reduce operating costs. In the section on operating expenses in this report, two alternative operating budgets for a Roosevelt cooperative were formulated. Both assume extensive cost reductions. These two budgets were used as the basis for two sets of rent predictions. See Appendix D for the projections.

Taken together, the three operating budgets constitute the range of likely impetus of the project. The impacts of these three operations are summarized in the table below.

The table shows that even under the most optimistic of operating budgets, there are minimal benefits. Put simply, any decrease in operating costs due to increased efficiency is not enough to offset the loss of the operating subsidy. Thus, rent levels under all budget assumptions are greater than the existing rents. Although the City of Newark would gain tax revenue, it would also be effected indirectly by the loss of the operating subsidy.

Option II. Conversion with FHA or NJHFA Financed Rehabilitation

If the Roosevelt project was to be turned over to tenants, it would probably be desirable to add amenities. This option utilizes an architectural rehabilitation plan for Roosevelt that was prepared by a member of the Workshop. The plan calls for an elimination of 51 dwelling units (39 one-bedrooms and 12 two-bedrooms) within the project. Roosevelt would be made less stagnant through the addition of balconies, duplex-like apartment arrangements, and general apartment remodeling. On the whole, the proposed changes would make the project more like garden apartments--a physical arrangement more conducive to cooperative ownership. The total cost of rehabilitation is estimated at \$1,058,280.

For this option, it is assumed that when the project is converted, the cooperators would be responsible for the rehabilitation costs. These costs could be financed either through FHA 221d(3) or the New Jersey Housing Finance Agency. A mortgage covering 100% of construction costs with an interest rate of 8-1/2% and a 30-year term is assumed here for illustrative purposes. The monthly amortization payments are added to apartment rents and pro-rated for one, two, and three bedroom units.

As in the case of the first option, three assumptions were made for operating costs. Because there would be 51 less units in the project, it was assumed that it would be

possible to reduce total operating costs by 10%. Savings could come in the area of decreased garbage pickup, utility, and maintenance costs. The three operating budgets from Option I were used as a base. All rent and gross income calculations are included in Appendix D.

TABLE II
Conversion With Rehabilitation

	High Budget	Medium	Low
<u>IMPACTS</u>			
Subsidies	Loss of operating subsidy. Potential use of Section 8.		
Newark Real Estate Taxes	67,122	46,890	37,350
Housing Authority	Elimination of project from inventory. Reallocation of fixed overhead. Costs to other projects.		
Tenants Rents	Improvement in physical environment		
	\$202	\$155	\$131

The conversion of Roosevelt with rehabilitation would function to make the project similar to other cooperatives. The physical changes coupled with the ability of tenants to "take out equity" in their share of the mortgage would definitely alter the nature of Roosevelt. However, as Table II indicates, the effect on rents would be severe. The reasons for the increase in rents over Option I are twofold: 1) The FHA mortgage payment must be added on to

tenant rent; 2) The decrease in the number of apartments forces an increase in rents in order to cover expenses.

Option III: Conversion with Rehabilitation Through Modernization Funds

However, it might not be necessary to use FHA or NJHFA for the rehabilitation. Funds might be available through the Modernization Program. Under Option II, the Housing Authority would secure Modernization funds from HUD to rehabilitate Roosevelt. The project would subsequently be converted into a cooperative.

TABLE III

	High Budget	Medium	Low
<u>IMPACTS</u>			
Subsidies	Loss of operating subsidy. Potential use of Section 8.		
Newark Real Estate Taxes	67,122	46,890	37,350
Housing Authority	Elimination of project from inventory. Reallocation of fixed overhead costs to other projects.		

As Table 3 shows, the use of Modernization funds for rehab would enable a substantial reduction in rent from Option II. The physical changes would also tend to foster an increased sense of community. However, the net rent increase, even under the optimistic low budget assumption, would

result in severe displacement of tenants in Roosevelt Homes

Option IV: A Leased Cooperative With Rehabilitation

Throughout this paper, mention has been made of the potential for management improvement available through cooperative management. However, it is not necessary for a project such as Roosevelt Homes to become financially independent in order to run itself. One possibility is for the Housing Authority to lease the project to a management or cooperative organization. For further descriptions of the concept of leased cooperatives see the Legal section of this report and Appendix C of this paper.

Under Option IV, the Housing Authority would rehabilitate the project through Modernization funds and then lease Roosevelt to a tenant cooperative. The main advantage to a tenant cooperative would be the possibility of lowering operating costs. Because the number of units would be decreased, savings would have to occur in operating expenses in order to maintain current rent levels. However, because a significant portion of the operating subsidy would be retained, the operating expense differential would not be too large.*

*Because it has not been possible to discover the exact change in the operating subsidy, rent projections have not been made.

Summary

The options for Roosevelt Homes are summarized in Table 4. Included is the description of the project as is, the first three options utilizing "median budget" assumptions, and the fourth option for the leased cooperative. Of the impacts listed, the most important by far are those which fall on the tenants. Although an average rent for Option IV is not given, it is expected that this Option would have the lowest rent of any option due to retention of the operating subsidy. The financial advantages for tenant cooperative ownership are unclear. Under Option III, tenants would most likely be entitled to "sell their shares" upon leaving the cooperative for the value of the amortized rehabilitation. However, the ability to "take out equity" on the remainder of the value of the property is in doubt because of the vague nature of HUD's rules and regulations from the 1974 Housing Act.

The City of Newark would gain under Options I, II, and III because of the real estate tax payment. However, under these plans the city would also lose the "export income" effect of the operating subsidy. Under all Options, it must be re-emphasized that there are significant start-up considerations. During the difficult interim period, it might be advisable to turn over management and organization of the cooperative to an experienced group such as Techni coop or the Foundation for Cooperative Housing.

TABLE 4
Summary Impacts of Conversion

	Existing	Option I Conversion	Option II Conversion with FHA (or MJFA) Rehab.	Option III Conversion with Modernization Rehab.	Option IV
<u>Subsidies</u>					
Operating Subsidy	199,360	-0-	-0- possible section 8 subsidy	-0-	(portion of operating subsidy
Modernization				1,056,280	1,056,280
Newark Real estate taxes	4,858	52,100	46,890	46,890	4,858
"Export sub- sidy" (operating)	yes	no	no	no	yes
<u>Housing Authority</u>		reallocation of fixed overhead costs to other projects			
<u>Tenants</u>					
Average rent	\$74	\$107	\$155	\$115	--
Physical im- provements	no	no	yes	yes	yes
	no	?	yes	?	no

Conclusions and Recommendations

Option IV is recommended for the following reasons:

- 1) Rents would not increase significantly to cause severe dislocation problems.
- 2) Physical improvements (contingent on the availability of modernization funds) and management improvements could improve the project.

It is probably obvious to the reader that Option IV does not constitute a "real" cooperative. Put simply, it is the finding of this report that a "real" cooperative would serve to eliminate the operating subsidy. Instead, Option IV can be seen as being somewhere between a typical housing authority project and a tenant cooperative. On the one hand, the Newark Housing Authority would still own, and ultimately, be responsible for Roosevelt Homes. However, because of the design changes and management directed in some way through the project, Roosevelt would appear to be similar to a cooperative. Option IV would enable the Housing Authority to try a unique approach to the problems of design and management.

Addendum: Section 8

The reader will note that little mention has been made of the possible uses of Section 8 for subsidies. This is so because it was the author's understanding that Section 8 is "finite." Because each city is allocated a specific number of units, it was assumed that the units allotted to Newark would be in demand by a number of sources. Therefore, it was felt that it would be "economically inefficient" to eliminate an operating subsidy to a Housing Authority project and to replace it with Section 8 money that could be used elsewhere. However, discussions with officials from the Newark Housing Authority reveals that this is not the case. Because of the nature of the housing market in Newark, there is not a great demand for Section 8 units.

Given these facts, Section 8 could be used by the Housing Authority to finance a cooperative conversion. Section 8 would provide two major advantages over the options listed above: the ability to provide extensive rehabilitation and to furnish deep subsidies to tenants. Under the Section 8 provisions, the program can be used for existing projects, new construction, and extensive rehabilitation--with the market rents more liberal for the latter two categories. The "fair market rents" for Newark for substantial rehabilitation are as follows.

1 br	2 br	3 br
292	170	419

This rental figure would easily be able to cover extensive rehabilitation for Roosevelt. Financing could still be done through an FHA mortgage. Under FHA interest rates, rehab costs would add \$7.87 per month per thousand to the expenses for each unit. It must be remembered that Section 8 is designed to cover all housing expenses such as the existing mortgage, the rehab mortgage, and profit. Under a cooperative, the government would continue to pay off the Annual Contributions Contract--and there would be no "profit." Therefore, this savings could be translated into substantial rehabilitation. Under Options II, III, and IV of this report, the rehab is limited to roughly \$5,000 (average) per unit. To put it simply, Section 8 would enable much more substantial rehabilitation of the units.

The other side of the coin is the tenant's ability to pay. Section 8 subsidizes down to 25% of a person's net income. Thus, rents would not increase. In fact, given the shaky status of the Operating Subsidy, Section 8 might be the more preferable mechanism.

In conclusion, it appears that Section 8 provides some distinct advantages for financing a conversion--providing that there are no attractive competing uses for the program. These potential uses of Section 8 should definitely be examined more fully.

APPENDIX D

Financial Data on Conversions

Option I

Low Budget

Expenses:

Operating expense	196,800
taxes	41,500
insurance	11,000
reserve and vacancy	30,576
TOTAL EXPENSES	279,876

Rents

Bedrooms

	1		2		3	
	\$ units	rent	\$ units	rent	\$ units	rent
Low income	20	50	25	74	14	90
High-low income	40	62	42	87	25	110
Moderate-income	40	72	42	100	25	125

Gross Income Needed By TenantGross Income Needed By Tenant

	<u>Bedrooms</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Low income	2880	4930	6145
Low-high income	3500	5390	7180
Moderate income	4020	6060	7950

	<u>Bedrooms</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Low income	3630	5290	7280
High-low income	4690	6320	7950
Moderate income	5720	7460	8990

Medium Budget

Expenses:

Operating expense	249,600
taxes	52,100
insurance	11,000
reserve and vacancy	36,344
TOTAL EXPENSES	349,044

RENTSBedrooms

	<u>1</u>		<u>2</u>		<u>3</u>	
	\$ units	rent	\$ units	rent	\$ units	rent
Low income	20	65	25	85	14	112
High-low income	40	85	42	105	25	125
Moderate income	40	105	42	127	25	145

Option II: Conversion and Rehabilitation with FHA MortgageGross Income Needed By TenantLow Budget

Operating expense	224,640
taxes	46,890
insurance	9,900
FHA mortgage*	97,320
reserve and vacancy	33,870
TOTAL EXPENSES	412,620

Bedrooms

	1	2	3
Low income	4640	6160	8000
High-low income	5306	7450	9760
Moderate income	6340	8490	10580

Rents

	\$	units	rent	\$	units	rent	\$	units	rent
Low income	15	84	24	102	16	126			
High-low income	15	97	24	127	16	160			
Moderate income	31	117	24	147	32	176			

average rent--\$131

Moderate Budget

Operating expense	177,120
taxes	37,350
insurance	9,900
reserve and vacancy	28,854
FHA mortgage	97,320
TOTAL EXPENSES	350,544

RentsBedrooms

	\$	units	rent	\$	units	rent	\$	units	rent
low income	15	101	24	137	16	144			
high-low income	15	120	24	152	16	174			
moderate income	31	135	49	167	32	196			

average rent--\$155

*Mortgage at 8-1/2% interest, 30 year term Principle outstanding is 1,058,280.

Gross Income Needed By TenantBedrooms

	1	2	3
Low income	7840	10030	12183
High-low income	8920	11120	13320
Moderate income	9950	12150	14300

Gross Income Needed By TenantBedrooms

	1	2	3
Low income	5510	7970	8930
High-low income	6490	8750	10480
Moderate income	7270	9520	11620

High Budget

Operating expenses	334,557
real estate tax	67,122
reserve and vacancy	41,589
FHA mortgage	97,320
TOTAL EXPENSES	540,588

RentsBedrooms

	1		2		3	
	\$	units rent	\$	units rent	\$	units rent
Low income	15	146	24	177	16	207
High-low income	15	167	24	198	16	229
Moderate income	31	187	49	218	32	248

average rent--\$202

Option III: Conversion and Rehabilitation With
Modernization Funds

Low Budget

TOTAL EXPENSES 253,224*

Rents

	1		2		3	
	# units	rents	# units	rents	# units	rents
Low income	15	54	24	65	16	83
High-low income	15	67	24	90	16	117
Moderate income	31	87	49	110	32	133

average rent--\$95

*All budgets have 10% cuts.

*Expenses, with the exception of the mortgage, are identical to the low budget assumptions in Option II.

Gross Income Needed By Tenant

Bedrooms

	1	2	3
Low income	3090	4250	5780
High-low income	3760	5550	7540
Moderate income	4790	6580	8360

Moderate Budget

TOTAL EXPENSES 315,300

Bedrooms

	1		2		3	
	# units	rent	# units	rent	# units	rent
Low income	15	71	24	100	16	101
High-low income	15	90	24	115	16	131
Moderate income	31	105	49	130	32	153

average rent--\$115

Gross Income Needed by Tenant

	Bedrooms		
	1	2	3
Low income	4320	6060	7660
High-low income	5100	6830	8520
Moderate income	5870	7650	9390

High Budget

TOTAL EXPENSES 443,268

Rents

	Bedrooms			
	1		2	
	\$ units	rent	\$ units	rent
Low income	15	116	24	141
High-low income	15	137	24	161
Moderate income	31	157	49	181
			32	205
	average rent--\$166			

Gross Income Needed by Tenant

	Bedrooms		
	1	2	3
Low income	6290	8180	9960
High-low income	7370	9210	11100
Moderate income	8400	10240	12080

APPENDIX A

Financing Cooperatives

The Federal Government, through FHA and HUD, has been actively involved in the financing of cooperative housing since the 1930's. As with other housing policies, Federal involvement in cooperative housing has increased over time. The purpose of this Appendix is to provide a brief history of Federal financing of cooperatives, with emphasis on the Government's attempts to make cooperatives available to low and moderate income groups.

The Housing Act of 1949 initiated modern financing of cooperatives. Under Section 213 of the Act, the Federal Housing Administration was authorized to insure conventional mortgages granted to management type cooperatives. Two hundred-thirteen mortgages were authorized to cover up to 90% of construction costs and could be used for newly constructed or substantially rehabilitated projects.¹

For many years, Section 213 was responsible for the construction of almost all of the cooperative housing. In

¹For information on financial arrangements, see The Department of Housing and Urban Development, Basic Cooperative Housing Insurance Handbook (May 4, 1973, #4550.1)

1964, an amendment to the Housing Act authorized a new program for rental housing and cooperatives, Section 221d(3). Like Section 213, Section 221d(3) provided FHA insurance for conventional permanent mortgages. The program was important because it changed allowable amounts per unit and changed the mortgage loan value ratio. Insured mortgages under 221d(3) were authorized primarily for new construction and substantial rehabilitation. The program had three different development options.

- 1) Pre-scale management cooperatives. A cooperative corporation is chartered into existence and becomes the mortgagor at the inception of the project. FHA, however, will not let the cooperative association become the mortgagor until a specified percentage of cooperative memberships have been sold. The mortgage is available for up to 97% of replacement cost. The remainder constitutes a downpayment.
- 2) Investment-Sponsor. In this case, a profit motivated individual, group, or corporation constructs a project with intent to sell to a cooperative association. The project is initially rented up as a normal rental project. If enough cooperative memberships are not secured within a two year period after initial occupancy, the project remains as a rental. In this case, the developer owns the project and receives a mortgage covering 90% of the replacement cost. If the project is converted to a cooperative, the investor sponsor receives payment for 97% of the replacement cost of the project and the cooperative receives a mortgage for this amount. The investor-sponsor makes profit through provisions built into the project for a risk-allowance and profit.
- 3) Non-profit sponsor. A non-profit organization acts as sponsor and develops the cooperative. The project is turned over to a cooperative corporation. A mortgage equal to 100% of replacement cost is given to the cooperative. All cooperators place 1% of the mortgage amount in a reserve fund as a downpayment.

Under all three alternatives, the goal is to turn the project over to a management type cooperative. Under the 221d(3) mortgage, there is a remortgaging provision that states that any cooperative can receive extra capital funds not to exceed the amortized debt of the mortgage.

Low and Moderate Income Cooperatives

Through its liberalization of mortgage loan/cost ratio provision, and non-profit sponsorship option, the 221d(3) program facilitated the development of coops. However, the program as structured was only able to serve middle income individuals. In order to make coops available to low and moderate income individuals, HUD and FHA instituted a new set of capital and operating subsidies. What follows is a summary of these programs.

1) 221d(3) Below Market Interest Rate. This interest subsidy was provided by HUD to the mortgagee. It lowered the effective rate of the mortgagor (the coop) to 3%. This interest subsidy lowered carrying cost by 10-20% and thus enabled moderate income groups to take advantage of cooperative programs. The program was initiated in 1964.

2) HUD 236. Under this program, HUD would pay the mortgagor an interest subsidy down to 1% of the mortgage. This deeper subsidy allowed a further reduction in rents. The HUD 236 program was initiated in 1968 and offered mortgage terms identical to the 221d(3) program.

3) Rental Assistance Program. This subsidy was tied to a specific number of units within a project. Within each of the units subsidized by rental assistance, the resident would pay rent not exceeding 25% of his adjusted income. The difference between the monthly cost and the tenant's payment was made by the rent supplement program. This program essentially worked eligibility down to public housing authority levels. The amount of subsidy, however, could not exceed 70% of the market rent established for the unit HUD sent the number of units eligible within any project for rent supplement at not greater than 40%.

4) Section 23. The local housing authority leased units from the cooperative. These, in turn, were rented to tenants eligible for public housing authority. As in the rent supplement program, the tenant paid rent up to 25% of his adjusted income. The Housing Authority paid the difference between market rent and the tenant's payment.

An Evaluation of Low Income Coops

These Federal programs enabled many low and moderate income people to enter cooperatives. How well have they succeeded? In order to look at this question, two separate presumed advantages to a coop must be examined: financial benefits and efficiency of management.

The financial benefits accruing through share ownership in a cooperative come in the form of tax advantages

and capital gains through the sale of shares. In a coop, as in an owner-occupied home, the tenant is able to deduct his prorated share of interest and property taxes from his income for tax purposes. However, this advantage does not hold true for low income individuals. Discussions with lawyers indicate that generally an individual making less than \$10,000 should take a standard deduction rather than itemize his deductions. Thus, the tax advantage is eliminated. The second advantage to a cooperative member occurs when the individual decides to sell his share and move. Under normal FHA cooperative mortgages, each cooperator cannot sell his share for a price exceeding the amortized debt on his portion of the mortgage. However, this limit has been made even more strict under any project involving HUD 236, rent supplement, or section 23 funding. Because low income cooperators are already being substantially subsidized by the government, it is reasoned that they should not receive a double subsidy by being allowed to sell their unit. Therefore, when a low income individual sells his share, the price is restricted to his initial downpayment plus any improvements made on the unit minus depreciation. This sum is usually unsubstantial.

Thus, the financial benefits to low income cooperators appear negligible. However, management benefits due to cooperative ownership would seemingly be oblivious to the financial constraints imposed on low income cooperators.

In much literature on cooperatives, it is assumed that greater control and pride in ownership result in improved operation of the project.

To some extent, it appears that low income cooperatives appear to be doing better than similar rental projects. In one well known study, a comparison was made between low and moderate income coops, limited dividend, and non-profit housing. The study concluded that although results were not overwhelming, coopers were more likely to be conducive to successful management. Recently, HUD has been faced with extreme difficulty in the administration of its 235 and 236 programs. Because of dramatic increases in fuel costs, the static nature of the subsidies, and the high unemployment rate, many low income projects are going into default. Although not empirically validated, discussions with HUD and FEA officials indicate that low and moderate income coops appear to be holding up better than other forms of rental housing.

Conclusion

The Housing Act eliminated many of the programs described above, such as 236 and 221d(3). However, as described in the first section of this paper, it is still possible to finance low and moderate income coops. Past experience indicates that these coops provide limited financial benefits to low income tenants. However, the status of being a "co-operator" and the advantages of decentralized decision making has apparently improved the operation of these projects.

APPENDIX B

Conversion of Public Housing Projects

In the last few years, there has been great interest in the transference of public housing authority projects to tenants. The two case studies are presented in order to analyze some of the prospects and problems of the financing problems of conversions.

Forest Hills Cooperative

Forest Hills is a middle class suburb of New York City. In the 1960's, the New York City Housing Authority initiated a move to erect some publicly subsidized projects within Forest Hills. As originally planned, the Forest Hills project was to have three 24-story buildings with a total of 803 units. However, the plan met with intense local opposition. Community leaders were concerned that a large influx of low income people would initiate the decline of the Forest Hills area.

Given these political constraints, the Housing Authority was forced to restructure its original proposal. The three buildings were literally cut in half--from 24 to 12 stories--and the number of units was reduced to 420. The project, which is currently approaching the rent up stage, will be leased to a tenant cooperative by the Housing Authority.

The cooperative lease, however, has a number of restrictions that inhibit cooperative control. First, the cooperative board is comprised of 19 individuals, some of whom represent Forest Hills community groups. Second, the board of directors is authorized to act in an advisory capacity only--the Housing Authority remains as manager of the project. The agreement is structured such that if the Board of Directors finds itself incapable of management, the lease is dissolved and the project officially reverts back to the Housing Authority.

Financially, the Forest Hills project was originally initiated as a public authority project to be financed through the sale of housing authority bonds. However, because the project was cut in half, HUD refused to reimburse the NYCHA for its total annual carrying cost. Of the 27.7 million cost of the project, NYCHA bonds account for 18 million. The remaining 9.7 million construction cost was paid by the City out of its operating revenues.

As the project is currently structured now, there is no operating subsidy. This is a product of political and community constraints rather than the nature of the cooperative agreement. As a result, it will be necessary to charge rents substantially higher than those found in projects with operating subsidies. But because the Brooke Amendment still applies to projects built with Federal funds, no individual can pay more than 25% of his monthly net income

to rent. The New York City Housing Authority is currently preparing a plan to allocate the units between "low income," "low-middle income," and "low high income" groups. Current definition of income on the basis of bedroom size is as follows:

	<u>Average Rent</u>		
	<u>One Bedroom</u>	<u>Two Bedrooms</u>	<u>Three Bedrooms</u>
Low income	under \$4000 \$ 56	under \$10,000 \$151	Under \$11,000 \$167
Low middle income	4,000-7,000 \$103	10,000-11,000 \$191	11,000-12,000 \$207
Low high income	7,000-10,530 \$147	11,000-12,150 \$197	12,000-13,230 \$227

As originally stipulated, the project was to be comprised of one-third representation from each of the three income groups. However, as projected operating costs have risen, an increase in the number of "middle and high low income" units has been contemplated.

Financial benefits accruing to the tenants are quite limited. In order to get into the cooperative, each tenant must make a downpayment of \$150 per room. However, there is a possibility that the State will pay a portion of this downpayment. The tenants will not be entitled to take any tax deductions. Because the project will still be owned by NYCHA, there will be an in lieu of tax payments to the City rather than an official property tax. Also, because the Federal

Government will be paying off the bonds, the interest will not be tax deductible. When the tenant decides to leave the project, he can "sell his share" for an amount equal to his original downpayment plus improvements minus depreciation.

Hartford Housing Authority

The Hartford, Connecticut Housing Authority is currently in the process of converting one of its projects to condominiums. The project, known as the Dutch Point Apartments, consists of four two-story buildings which hold 232 units. The project was constructed in 1942 and currently has approximately \$700,000 in bonds still outstanding.

Under the proposed arrangement, title to the individual units would not pass to the tenants for 25 years. In this interim period, the Housing Authority would act as trustee for the project. The project would be maintained as is under current operating subsidies with one exception--the Authority would pay Hartford real estate taxes rather than make an in lieu payment. Because the subsidies would be maintained during the 25 year period, increase in rent would not be substantial.* At the end of the 25 year period, all

*It is estimated that due to taxes, the median rent would rise from \$101 to \$125 per month. For a more thorough examination of the nature of the condominium trust, see the legal section of this report.

of the bonds will be paid off on the project. At this point, the trustee (the Hartford Housing Authority) will be allowed to pass title to any unit within the project to the current tenant. At this point, the operating subsidy for the specific unit would cease and the tenant would have to pay full expenses. If the tenant was unable to pay rent without the benefit of operating expenses, the Housing Authority could continue to rent the particular unit to him.

How does the tenant build up equity in his home? Under the proposal, the 25 year period between the initiation of the program and the transfer of title is known as the homebuyers period. During this time, the tenant makes minor repairs and performs basic maintenance to his property. This sweat equity is treated as a payment in lieu of debt service. Thus, at the end of the 25 year period, the tenant is entitled to own the unit.

There are two other important facets to the Hartford Homeownership Program: modernization of the project and decentralization of management. Currently, Dutch Point is in need of much deferred maintenance. TPF funds have been requested from HUD for the amount of \$2.3 million. The funds will be used to make basic repairs to the heating, plumbing and electrical systems. The project will be run with the assistance of a tenant management council. This group will be comprised of tenants elected from the Dutch Point project.

The council will be responsible for coordinating all management in the project, etc. Although the Housing Authority will still be officially responsible for the Dutch Point project, it is expected that much informal authority will be given to the tenant council.

The project is now being examined by HUD. It is expected that the TPP funds will be authorized within a few months.

Turnkey III

Turnkey III was initiated in 1968 and was designed to allow local housing authorities to sell units to tenants. The overriding principle behind Turnkey III was the concept of sweat equity. Through sweat equity, the tenant agrees to provide basic maintenance of the unit. The tenant is given credit for this maintenance through the building up of an Earned House Payment Account. When this account reaches \$200, the tenant becomes a homebuyer and is obligated to continue the reserve. As the reserve accumulates, the tenant (through his own rent and housing authority subsidies) is making payments to reduce the capital debt of the unit. When the tenant can afford to finance the balance on a HUD-FHA insured loan, he must make the purchase. In addition, a homeowners association eventually acquires title to the common areas and is responsible for maintaining them.

Since Turnkey III was initiated, only one unit has been converted. Because of the complexities of the program, it

has been suspended. A similar program, Turnkey IV, was also suspended because of the complexities involved.

Conclusion

The case studies illustrate the difficulties of converting public housing authority projects to some form of tenant ownership. The Forest Hills "Cooperative" can be best viewed as necessary for political compromise with the surrounding area. The Hartford plan and the Turnkey III proposals show the difficulty of using credited sweat equity concepts.

There are allusions in the 1974 Housing Act pertaining to benefits of conversion projects. For example, the Act encourages

the development by local housing authority management of viable home ownership opportunity programs for low income families capable of assuming the responsibilities of home ownership.*

However, the experience of past efforts to convey units to tenants suggests that caution be exercised.

*1974 Housing Act, Title II, Section 6(4)D.



6

DESIGN OPTIONS FOR ROOSEVELT HOMES

DESIGN MODERNIZATION OPTIONS FOR
COOPERATIVE CONVERSION OF ROOSEVELT HOMES

The following analysis considers the questions and options for modernization of Roosevelt Homes, an early post-war, low rise public housing project in the city of Newark, New Jersey. This study was undertaken, first to determine the problems inherent in improving a typical low rise housing project and to generate design solutions to improve the liveability of the project for existing tenants. Secondly, the study considers the possibility, currently under strong consideration, that Roosevelt Homes undergo conversion to some type of ownership option. The suggested models of cooperative trust, are assumed to encourage increased tenant interest in the project and direct participation in management and future maintenance of the project. In order to create an attractive environment, capable of generating tenant interest in stronger participation in ownership and management, however, it is highly desirable that correction of design deficiencies take place.

This study examines design re-organization and modernization of the existing units, public spaces and site area of the project. A range of alternatives is generated, from minimal to maximum changes. Detailed cost estimates

are evolved for a typical building conversion along with preliminary cost estimates for the total project modernization.

A. Physical Description of Roosevelt Homes

Roosevelt Homes, completed in 1946, was originally intended as temporary housing for war veterans but has since become part of Newark's public housing stock. The project's unit plans, institutional appearance, and site plan, are typical of post war public housing schemes. The project consists of 273 units with a mix of 100 one-bedroom units, 109 two-bedroom units, and 63 three-bedroom units. The 273 units are distributed among 11, three-story structures, with a typical building containing between 24 and 30 units. First, second, and third floor units are reached by stairwells with each stairwell serving 6 to 12 units. Access to the 11 buildings is by means of a loop street that allows one to enter and exit the site. Also included within the project is a multi-purpose room, office space, mail room, boiler room, and recreation areas.

Located in the "Iron Bound," a heavily industrialized part of the city, the project is surrounded by industrial property with fragments of commercial and residential along Chapel Street and further to the south.

B. Project Character and Residents' Perceptions

Despite the inadequacies of the project by today's housing standards, Roosevelt Homes is a relatively successful housing project when compared to the larger housing projects of the city. The reasons for this relative success are due in part to the project's small size that enables its residents, managers, and maintenance people to comprehend the project as a community and to respond rather quickly to its needs. A strong tenant organization and the relatively high number of original residents and extended families add to the project's stability. Also contributing to this stability is the fact that the project is surrounded by industry that tends to isolate it from unfavorable external influences such as the influx of undesirable non-residents. Further adding to the livability of the project are the small exterior spaces in front of each building used as sitting and play areas. Because these areas are within direct view of the building's apartments, the surveillance and monitoring of the activities that occur within these small areas is successful.

After visiting the housing project over a period of four days and discussing its modernization with residents, it became apparent that the greatest dissatisfaction with the project as voiced by the residents were:

1. The minimum size of kitchen and dining areas.
2. The aged condition of kitchen and bathroom hardware and cabinet work.

3. The condition of walls, floors, and ceiling surfaces.
4. The lack of adequate storage space.
5. The exterior appearance of the project.

Most importantly it was the inadequate size and physical layout of the units that raised the greatest concern.

C. Recommended Interior Improvements

In order to improve the libeability of the units a series of building conversion plans were developed that attempt to solve those major issues as voiced by the residents.

A minimum conversion plan ALT (1) recommends that each floor remain as flats but that the one, two, and three-bedroom units on any given floor be increased in size by the elimination of two of the four one-bedroom units on that floor and expanding the adjacent apartments into the vacated area. This strategy requires a 19% unit reduction in the project and the relocation of the one-bedroom occupants who in most cases are childless and the most easily relocated. One and three-bedroom apartments are relocated and utilize the vacated area to increase their size. The two-bedroom apartments to in turn occupy the facilities previously allotted for the three-bedroom unit. This conversion plan is accomplished with a minimum of partition changes. New kitchen and bathroom fixtures and cabinet work, new tile floors, closet doors, and the painting of interior walls and ceilings is recommended along with the addition of balconies to provide stronger links to the exterior and to further increase the apartment's apparent size.

Alternative plans (2), (3), and (4) were also developed to illustrate the advantages of two story duplex units. These units have greater floor area, increased storage space,

isolated sleeping areas on one floor and on the next floor living, entertaining areas consisting of two distinctly defined zones. One is a formal livingroom area and the other an "informal" area related to the kitchen. Private entries provide direct access to ground and increase unit identity.

Recommended Exterior Improvements

Roosevelt Homes, as it exists, consists of exterior spaces with no clearly defined building boundaries or personalized territories, consequently no extensive personal use or maintenance of these spaces by residents occurs. In an attempt to promote more extensive use of these spaces and to improve their general appearance and serviceability it is strongly recommended that the exterior spaces in front of each building be further developed. The unit plans and site plan developed attempt to illustrate how physical design features might promote more attractive uses of these exterior spaces. For example apartments are strongly oriented toward the exterior spaces by means of balconies. The balconies increase the apparent size of units, delineate unit identities, and develop private outdoor areas for individual apartments. In addition, they promote the increased surveillance and monitoring of the activities that take place below them. The allocation of private front and rear yards and the distinct demarcation of each property for

individual duplex units are not simply added amenities but attempt to force the resident to be more concerned about the property outside his door. The recommended development of sitting and play areas in front of each building and the addition of the required street furniture, play equipment, lighting and plantings is an attempt to establish a series of dispersed play areas that would eliminate large concentrations of uncontrollable children and hopefully would orient play areas directly to specific buildings where the child is known and concern for his well being is greatest. For those play areas of buildings along the loop street it is recommended that these areas be separated from the street by low planting walls to define setting and play areas for each building.

Freedom and easy access to exterior spaces as well as unit identity within the project is stressed. The distinct demarcation of private, semi-private and public domains is also stressed in the recommended site improvements.

TOTAL PROJECT CONVERSION STRATEGY

Building 1, Alt. (1) Building Conversion Plan

Flats; 2nd, 3rd floors

<u>Number of Units</u>	<u>Unit Type</u>	<u>Cost per Unit</u>	<u>Total Cost</u>
4	1 BR Unit	\$4,600.00	\$18,400.00
10	2 BR "	4,834.00	48,340.00
2	3 BR "	5,074.00	10,148.00

Flats; 1st floor

2	1 BR Unit	4,600.00	9,200.00
4	2 BR "	4,834.00	19,336.00
2	3 BR "	5,074.00	10,148.00
24			\$115,572.00

Buildings 2, 7, Alt. (2) Building Conversion Plan

Flats; 2nd, 3rd floors

<u>Number of Units</u>	<u>Unit Type</u>	<u>Cost per Unit</u>	<u>Total Cost</u>
4	1 BR Unit	\$4,600.00	\$18,400.00
10	2 BR "	4,834.00	48,340.00
2	3 BR "	5,074.00	10,148.00

Duplexes; 1st, ground floors

2	2 BR Unit	12,784.00	25,568.00
4	3 BR "	13,284.00	53,136.00

Flats, 1st floor ends

2	1 BR Unit	4,600.00	9,200.00
2	2 BR "	4,834.00	9,668.00
26			\$174,468.00
52*			\$348,920.00 *

*Total for two buildings considered.

TOTAL PROJECT CONVERSION STRATEGY (CONT'D.)

Building 4, 5 Alt. (4) Conversion Plan

Duplexes; 2nd, 3rd floors

<u>Number of Units</u>	<u>Unit Type</u>	<u>Cost per Unit</u>	<u>Total Cost</u>
4	2 BR Unit	\$10,650	\$42,600.00
2	3 BR "	11,150	22,300.00

Flats; 2nd, 3rd floor ends

4	1 BR Unit	4,600	18,400.00
4	2 BR "	4,834	19,336.00

Duplexes; 1st, ground floors

2	2 BR Unit	12,784	25,568.00
4	3 BR "	13,284	53,136.00

Flats; 1st floor ends

2	1 BR Unit	4,600	9,200.00
2	2 BR "	4,834	9,668.00

24 \$200,208.00

48 * 400,416.00 *

Building 6, 10 Alt. (1) Conversion Plan

Flats; 2nd, 3rd floors

<u>Number of Units</u>	<u>Unit Type</u>	<u>Cost per Unit</u>	<u>Total Cost</u>
4	1 BR Unit	\$4,600	\$18,400.00
7	2 BR "	4,834	33,838.00
0	3 BR "		

Flats; 1st floor

2	1 BR Unit	4,600	9,200.00
3	2 BR Unit	4,834	14,502.00
1	3 BR "	5,074	5,074.00
17			\$1,014.00
34*			162,028.00*

*Total for two buildings considered

TOTAL PROJECT CONVERSION STRATEGY (CONT'D.)

Buildings 3, 9 Alt. (1) Conversion Plan

Flats; 2nd, 3rd floors

Number of Units	Unit Type	Cost per Unit	Total Cost
0	1 BR Unit		
4	2 BR "	\$4,834	\$19,336.00
8	3 BR "	5,074	40,592.00

Flats; 1st floor

0	1 BR Unit		
2	2 BR "	4,834	9,668.00
4	3 BR "	5,074	20,296.00
18			89,892.00
36 *			\$179,784.00 *

Building 8 Alt. (3) Conversion Plan

Duplexes; 2nd, 3rd floors

Number of Units	Unit Type	Cost per Unit	Total Cost
2	2 BR Unit	\$10,650	\$21,300.00
4	3 BR "	11,150	44,600.00

Flats; 2nd, 3rd floor ends

2	1 BR Unit	4,600	9,200.00
4	2 BR "	4,834	19,336.00

Flats; 1st floor

4	1 BR Unit	4,600	18,400.00
4	2 BR "	4,834	19,336.00
2	3 BR "	5,074	10,148.00
22			\$142,320.00

*Total for two buildings considered.

TOTAL PROJECT CONVERSION STRATEGY (CONT'D.)

Building 11 Alt. (1) Conversion Plan

Flats; 2nd, 3rd floors

Number of Units	Unit Type	Cost per Unit	Total Cost
3	1 BR Unit	\$4,600	\$13,800.00
4	2 BR "	4,834	19,336.00
4	3 BR "	5,074	20,296.00

Flats; 1st floor

1	3 BR Unit	5,074	5,074.00
12			\$58,506.00

Total Unit Count - 228 Total Unit Cost \$1,407,546.00

Building 11 Auditorium and Office Improvements \$5,000.00

Removing exterior masonry to expose stairwells (nec. to improve surveillance, lighting and character of stairwells. 26 stairwells x \$400)	10,000.00
Radiator System Modifications	34,300.00
Recreation Fields Improvements	5,000.00
Plant Sixty (60) Trees	25,896.00
Plant additional grass & shrubbery	10,000.00
New street furniture and planters	50,000.00
Total Project Cost	\$1,547,742.00

Note: Original Unit Count 273; 481 b.r.
 Proposed " " 228; 466 b.r.
 15% unit reduction
 3% bedroom reduction

EXISTING UNIT MIX

Buildings 1, 2, 4, 5, 7

Full Basement

Typical Floor Plan (3 story building)

<u>Number of Units</u>	<u>Unit Type</u>
4	1 BR Unit
4	2 BR Unit
2	3 BR Unit

30 Units Total per Building

Buildings 6, 10

Full Basement

Typical Floor Plan (3 story building)

<u>Number of Units</u>	<u>Unit Type</u>
4	1 BR Unit
4	2 BR Unit
0	3 BR Unit

24 Units Total per Building

Buildings 3, 9

Full Basement

Typical Floor Plan (3 story building)

<u>Number of Units</u>	<u>Unit Type</u>
0	1 BR Unit
2	2 BR Unit
4	3 BR Unit

18 Units Total per Building

EXISTING UNIT MIX (CONT'D.)

Building 8

Full Basement

Typical Floor Plan (3 story building)

<u>Number of Units</u>	<u>Unit Type</u>
4	1 BR Unit
4	2 BR Unit
2	3 BR Unit

30 Units Total

Building 11

Basement Level

Repair Shop, Storage, Boiler Room

First Floor Plan

Auditorium, Office, Upper part of Boiler Room,

1 - 3 BR Unit.

Typical 2nd and 3rd Floor Plan

<u>Number of Units</u>	<u>Unit Type</u>
2	1 BR Unit
2	2 BR Unit
2	3 BR Unit

Note: Total Unit Count 273 units; 481 bedrooms.

CONVERSION COST FOR TYPICAL DUPLEX

See 1st & Ground Floor Alt. (4) Conversion Plan; 3 Br.

Unit (Figures include installation cost).

Item	Cost	Comment
Partition Demolition	\$ 234.00	(1st floor interior 65 linear ft. x 8 ft. x .45/sq. ft.)
Masonry Wall Demolition	93.00	(Ground floor 4 in. block interior walls removed)
Incinerator Removal		
1st floor flue	40.00	(incinerator replaced by trash compactor)
ground floor incinerator	88.00 128.00	(128.00/3 Apt. = 42.67)
actual cost per apt.	42.67	
Cutting and Restructuring of Exterior Masonry Walls		
front elev. mas. removed	100.00	(4 in. brick veneer & 8 in. block salvaged for garden walls)
front elev. conc. removed	216.00	(top third of conc. foundation removed)
rear elev. conc. removed	318.00	(portions of conc. foundation removed see plans)
const. of two masonry piers on front elev.	380.00	(piers used to support upper floors & define entry)

CONVERSION COST FOR TYPICAL DUPLEX (cont'd.)

Item (cont'd.)	Cost (cont'd.)	Comment (cont'd.)
1st. Floor Slab Removal for Entry Landing & Recessed Window	370.00	(6 in. slab; 360/sq. ft.)
New Conc. Entry Landing	146.00	
Pre-Fab Stairs	372.00	
Front, Rear Exterior Doors	390.00	
Storm, Screen Doors	140.00	
Front Door Side-light	142.00	
Front Recessed Window	462.00	(top & bottom inclined elements)
Rear 1st Fl. Bay Window	297.00	(metal pre-fab element)
Ground Fl. Rear Windows	236.00	
Plumbing Relocation and Concealment		(duplex units require relocation of plumbing)
removal of existing plumbing	55.00	(cost per unit)
removal of existing fixtures	50.00	
new soil line trench	150.00	(cut thru existing conc. fl. at ground fl. level)
new soil line	200.00	(horizontal run)
bath rm. sink plumbing	91.74	(materials & labor)
water closet plumbing	72.54	(materials & labor)
shower/tub plumbing	120.00	(materials & labor)

SOURCE: Building Cost File 1975 Edition

CONVERSION COST FOR TYPICAL DUPLEX (cont'd.)

Item (cont'd.)	Cost (cont'd.)	Comment (cont'd.)
kitchen sink plumbing	107.00	(materials & labor)
gas stove connection	50.00	(materials & labor)
soil line	95.00	vertical run
vent pipe	80.00	
New Kitchen Fixtures		
sink	335.00	(Stainless Steel)
stove	300.00	
refrigerator	350.00	(18 cubic ft.)
cabinet work	700.00	above & below counter)
tile floor	40.00	
New Bath		
sink	94.00	
shower/tub	255.85	
water closet	128.00	
medicine cabinet	35.00	
tile floor	30.00	
New Partition Work		
upper floor plan	145.00	(32 linear ft. req.)
lower floor plan	327.00	(117 linear ft. req.)
Living Rm Carpet	325.00	(12.95 sq. yd. x 25 sq. yd.)
New Floor Tile	477.00	(dining, hall, bed rm. areas)
Closet Doors	496.00	(12 doors, trim, 2 carpenters)
Interior Doors	440.00	(4 doors, trim, 2 carpenters)
Pocket Doors	92.00	(Bed rm. divider)

CONVERSION COST FOR TYPICAL DUPLEX (cont'd.)

Item (cont'd.)	Cost (cont'd.)	Comment (cont'd.)
Painting Interior Walls and Ceiling Surfaces		
walls	345.60	(2 coat, 2,256 sq. ft.)
ceilings	261.60	(2 coat, 1,644 sq. ft.)
Electrical Work and Fixtures	1,500.00	
Interior Conversion Cost	<u>\$11,687.00</u>	(average cost per unit)
Exterior Work		
conc. removal	143.00	(conc. paving removed in rear)
ground excavation	80.00	(2 ft. and 4 ft. deep excavations in rear see section & plans)
new conc. patio slab	30.00	
rear masonry garden walls	576.00	(salvaged masonry used here)
pre-fab metal stair	404.00	(access from liv. to rear yard)
new grass, scrub	60.00	
front conc. stoop	28.00	
front brick planter	184.00	(salvaged masonry used here)
Exterior Conversion Cost	<u>\$1,597.00</u>	
Total Conversion Cost	<u>\$13,284.00</u>	(3 Br. Duplex Unit)

CONVERSION COST FOR TYPICAL FLAT

See Alt. (1) Minimum Conversion Plan; 3 Br. Unit

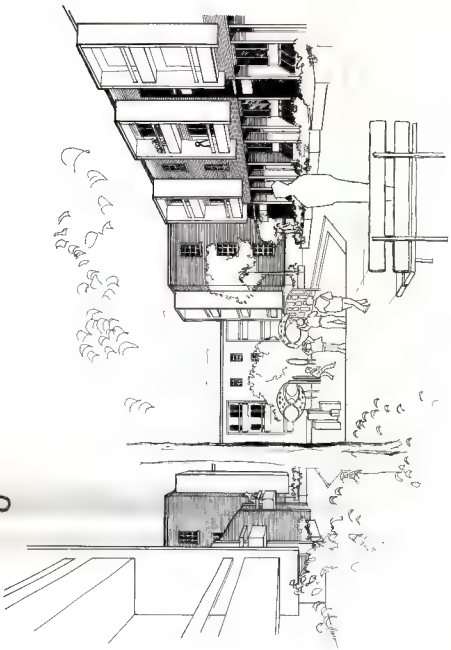
(Figures include installation cost).

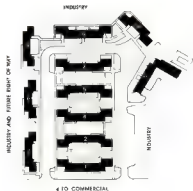
Item	Cost	Comment
New Kitchen		
sink	\$ 335.00	(Stainless Steel)
stove	300.00	
refrigerator	350.00	(18 cubic ft.)
cabinet work	400.00	(above & below counter)
tile floor	<u>25.00</u>	(4 ft. x 7 ft. area)
	\$1,600.00	
New Bath		
sink	94.78	
shower/tub	255.85	
water closet	128.86	
medicine cabinet	35.00	
tile floor	<u>30.00</u>	
	544.49	
Partition Changes	288.00	(minimum changes req.)
New Floor Tile	434.60	(820 sq. ft.)
Painting	490.00	(walls, ceiling trim)
Closet Doors	300.00	(8 doors, trim, two carpenters.)
Plumbing	225.00	(4 new vertical runs req. in building. New runs not required for every apt.)
Exterior Work		
balcony	900.00	(pre-fab metal unit)
glass sliding doors	300.00	(figure includes

CONVERSION COST FOR TYPICAL FLAT (cont'd.)

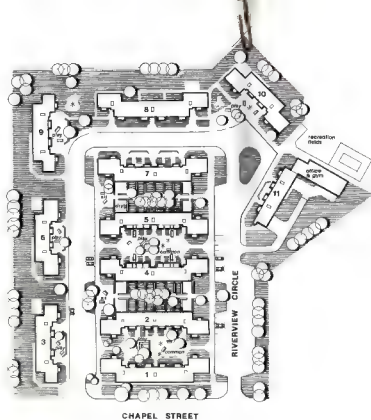
Item (cont'd.)	Cost (cont'd.)	Comment (cont'd.)
		removing of masonry below existing window)
Total Conversion Cost	<u>\$5,074.09</u>	(3 Br. Unit)

SOURCE: Building Cost File 1975 Edition

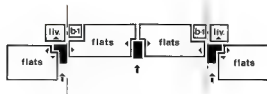




EXISTING SITE PLAN



site plan



existing floor

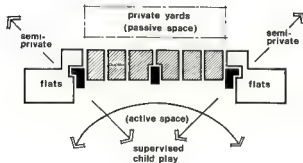
note:
elimination of two one bed rm. units



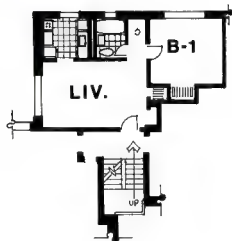
conversion

↑ building entry

▲ flat entry



orientation

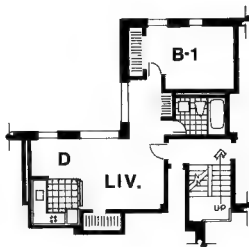


existing one bed rm. apt.

floor area 433 sq. ft.



key



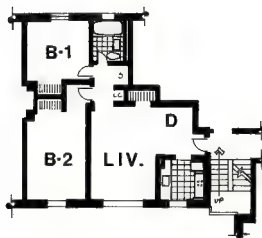
new one bed rm. apt.

floor area 560 sq. ft.



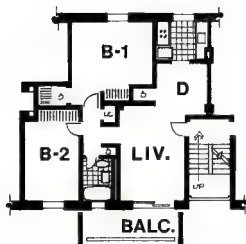
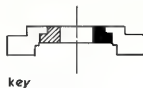
key

0 4 8ft.



existing two bed rm. apt.

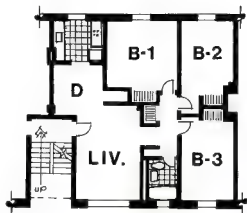
floor area 602 sq. ft.



new two bed rm. apt.

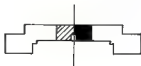
floor area 685 sq. ft.
balcony + 70 sq. ft.



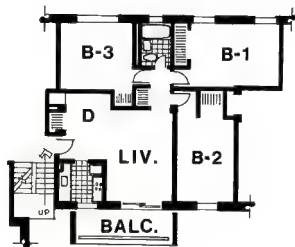


existing three bed rm.
apt.

floor area 752 sq.ft.



key



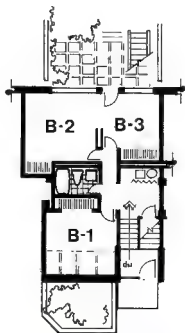
new three bed rm. apt.

floor area 880sq.ft.
balcony +70 sq.ft.

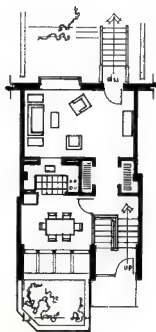


key

0 4 8ft.



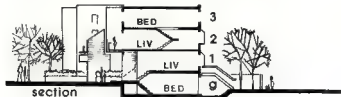
ground floor



first floor

duplex apt. plan
(first fl. & ground fl.)

floor area 1005 sq. ft.

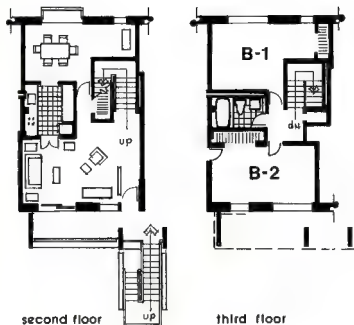


section



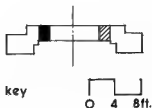
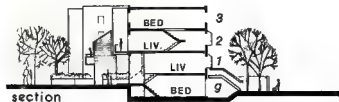
key

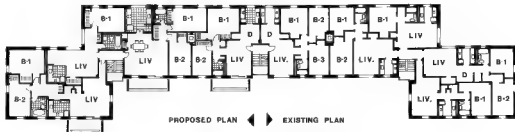




duplex apt. plan (second fl. & third fl.)

floor area 979 sq. ft.





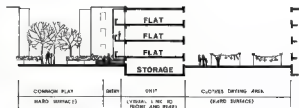
THIRD FLOOR



SECOND FLOOR



FIRST FLOOR



section



NEW UNIT COUNT : 24 458 R
ORIGINAL : 30 546 R

plans



ALT. 1

FLAT ABOVE FLAT
(MINIMUM CONVERSION PLAN)



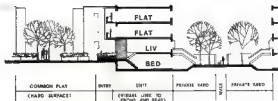
THIRD FLOOR



SECOND FLOOR



FIRST FLOOR



section



plans

GROUND FLOOR

ALT. 2

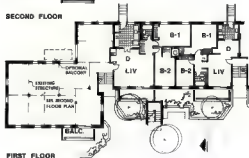
FLAT ABOVE DUPLEX



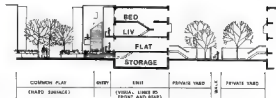
THIRD FLOOR



SECOND FLOOR



FIRST FLOOR



section

10' 0"

NEW UNIT COUNT = 22, 40 S.A.
ORIGINAL = 30, 54 S.A.

plans

10' 0"

ALT. 3

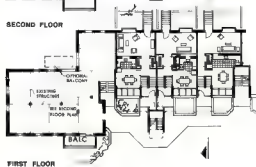
DUPLEX ABOVE FLAT



THIRD FLOOR



SECOND FLOOR





7

IMPROVING TENANT PARTICIPATION IN MANAGEMENT

PART 7

IMPROVING TENANT PARTICIPATION IN MANAGEMENT

Tenant participation in housing service delivery and more substantial managerial decisions has recently received major attention in public housing. As currently conceived, tenant involvement includes a range of participation levels, from formal arrangements such as tenant members of overall policy making bodies such as Housing Authority, Boards and Commissions, to employment and self-help. There are many objectives which can be reached through increasing tenant participation of mutual benefit both to the housing communities and to the administration of the local authority. Changing the nature of the relationship, however, is complex and both tenants and management must be prepared for a long period of "learning", experimentation, and trial and error.

This part of the study focuses on two questions, first the general background issues, objectives and characteristics of tenant participation in general terms and second on more direct tenant management models currently evolving today. The first part looks at the concept, aims and process of building strong and constructive tenant participation and dialogue between tenants and housing authority management. The second part looks at the concept of tenant management corporations, with particular attention,

based on existing experiment-demonstrations in other local housing authorities today. Careful attention is paid to the problem of development of strong tenant interest groups as a prerequisite for increased management responsibility.

A. Tenant Participation in Problems and Goals

1. Introduction

Tenant participation in housing service delivery is a new experience in public housing management. It is only recently that tenants in public housing have gained substantial input into the decision-making process and the execution of services. Their involvement in managerial functions is an important resource for the housing authority that wants its policies, services, and employees to be attuned to the needs of the tenants. The extent of tenant participation can range from casual involvement to virtual administrative control and can also influence the overall efficiency in which housing services are delivered. The purpose of this task investigation is to examine mechanisms which maximize the benefits of tenant participation, in addition to identifying the most efficient form of participation for projects owned by the Newark Housing Authority.

2. The Concept and Purpose of Tenant Participation in Housing

a) The Concept

The underlying notion key to participation is that tenants are sincerely concerned about the quality of their housing. Unlike the owners of housing who are more often concerned about the marketability of their product and its

consequent profitability; interest in quality does prevail for those who live in it. Even in the case of public housing, frequently housing authority concern for efficiency and financial soundness overrides quality interests. Hence, the tenant who is the user and consumer is the one who has the greatest interest in the character and liveability of his housing environment.¹ He also has the greatest incentive to achieve quality housing because it is he who receives the direct benefits of his own actions. As one who lives in the housing, he has extra insight into the housing problems since his dual role enhances his objectivity. Furthermore, tenants delivering services creates an automatic liaison between the management and the tenancy. Tenants bridge the gap in communications and often limit conflict which arises from misinformation. Finally, tenant participation in housing constitutes a commitment to the community and an attempt to respond to housing issues in good faith.

b) The Aim of Tenant Participation

1) To solve problems more easily and efficiently.

Tenants and management through joint participation can combine their abilities to solve housing problems. Housing administrators can get information on potential problems before they mushroom into large scale issues of concern.²

2) To make management policies and planning more realistic.

Tenant input from those who are aware of the issues that represent intense tenant interest, is a valuable

component in management problems and future planning.³

3) To make social programming more effective.

Tenant feedback on social needs is an important resource for programming. Tenant involvement in the program process can make them more relevant and desirable for the tenants. It can also channel the interests of program users and insure its success.⁴

4) To increase the self-help skills of tenants.

Tenant participation in the administration of housing, builds skills in housing services. As tenants become skilled in their service areas they will build confidence in themselves and a sense of competence. Such proficiency can also motivate them to seek more education and/or training.⁵

5) To develop a sense of community

Tenant participation suggests a common concern for housing problems and generates interest in the community. It indicates a concern for the place in which they live and hope in the future. Those tenants that are involved in housing services are investing themselves in the development of their neighborhood.⁶

6) To establish a power base for dealing with political pressures

An organized tenant body can aid the Housing Authority in dealing with political pressures. For instance, a tenant organization can lobby at city council meetings for

street and lighting improvements, or support the Housing Authority for increased crime protection.

c) The Goals of Tenant Participation

1) Clearly a major goal of tenant participation is to have input into the management process and to influence other services for the betterment of their housing.

2) The goal of creating jobs is all important to tenant participation. It is the reward aspect of the incentive organizing process in that it illustrates the benefits of hard work.

3) Preventing or reversing the tides of deterioration in buildings is a goal which often initiates and sustains tenant participation.

3. How Will the Housing Authority Initiate Tenant Participation?

a) Techniques for Motivating Tenants

A number of techniques will be given for the motivation of tenants. The NHA can use any one or a combination of these approaches to initiate tenant involvement.

1) The appeal

One technique is to use bulletins to inform tenants of the Authority's interest in soliciting tenant participation. A statement can be made stressing the programs which have had good responses from the tenant and raising issues they would like to address. This bulletin can also include information on the limitations of the Housing Authority

so as to make the approach as honest and straightforward as possible.⁷ A questionnaire survey could follow up the bulletin to gain information on its response and tenant priority issues.

2) The orientation process

The orientation is one of the most significant steps in encouraging tenant involvement, because it can determine the type of reception you will receive from the tenants on the entire program. The orientation could be a series of meetings explaining the purpose, process, and goals of tenant participation by the Authority's personnel or it can be done by responsible tenant leaders, who are knowledgeable on the subject. At the last orientation meeting, the Housing Authority should be able to state its intention to offer a demonstration grant for a capital improvement, or a social service to the tenant organization with the best proposal. The idea here is to promote interest through monetary incentives.

3) The catalyst

This last technique involves tenant organizers on a door-to-door campaign to re-inform tenants of the Housing Authority's commitment to tenant participation, and its benefits for the residents. Such personal contact is thought to be the most effective means to stimulate interest.⁸

Newark, New Jersey certainly has one of the strongest and most sophisticated tenant organizations in the United

States. It has the Newark Tenant Council (NTC) representing 14 projects in the city and separate organizations for tenants in Stella Wright and Columbus Homes. All of these organizations have very capable, competent, and sensitive tenant leadership. Tenant involvement in the organizing process is extensive, constituting a true power source in these organizations. This association of residents in public housing can be a hindrance or a valuable resource to the Housing Authority. The outcome is perhaps dependent on the goals of the various tenant organizations and their specific relationship with the NEA. The following is an investigation participation in Newark, and possible mechanisms to maximize the benefits of tenant input for the Housing Authority and ultimately for the tenants too.

4. Utilizing the Input of Existing Tenant Organizations

a) A History of the Newark Tenant Council

This historical account of the tenant organization in Newark is a composite of interviews with Anthony R. Henry, Director of the National Tenants Information Service, Inc., and a research paper by James Bone, Director of the NTC and his associate Alvin Wright.

The growth of the tenant organization in Newark was the effort of 20-25 years of community involvement. Tenants were organized on issues of social, economic, and environmental decay in public housing. General discontent with the

organized structure of the NHA also elicited tenant participation. Dismay with the Board of Commissioners, the policy arm of the Housing Authority had prevailed for years. The appointments to the Board by the later convicted Mayor Hugh Addonizio were suspected by tenants to be political patronage. This combined with the neglected needs of the tenants, prompted "minor rent strikes" in a few projects during the years of 1963 to 1969. These strikes were a demand for better housing services. As tenant dissatisfaction continued, organizing grew to a larger scale and the Newark Tenant Council called a rent strike on April 1, 1970. The issues which caused this strike were rampant crime, extensive drug abuse, an insensitive management, mismanagement in all levels of the Housing Authority, a lack of maintenance services, and incompetent administration. The rent strike lasted for four years and during this time, Newark elected its first Black mayor. Tenants identified with the new chief executive and thought his appointments to the Board of Commissioners would reflect their interests.

Their enthusiasm was again thwarted when he [the Mayor] was prevented from placing his appointments to the Board of Commissioners. It's strongly felt by Newark's citizenry that the existing Board of Commissioners and the present and past Newark Housing Authority's Executive Directors has had strong influence and input into preventing his appointments from being made a reality through the Newark City Council.¹⁶

After many disputes and much hickering, negotiations between the Newark Housing Authority and the Newark Tenant Council resulted in an agreement in January 1973. This agreement warranted tenant participation in all levels of administration and management services in the NHA. It called for a tenant staff and accomplished a number of spin-off benefits for public housing dwellers such as:

- 1) A new lease with tenant protection;
- 2) NHA adoption of a grievance procedure;
- 3) A security force with tenant members;
- 4) Tenant Management Committees;
- 5) A tenant operated Extermination Program;
- 6) Recreation Programs for 14 projects;
- 7) A tenant on the Board of Commissioners
- 8) NHA recognition of the Newark Tenant Council as the bargaining agent for most of the public housing projects in Newark.

The other two projects, Stella Wright and Columbus Homes did not settle with the NHA in January, 1973. They remained on strike and formed their own individual tenant unions. They wanted substantial capital improvements for their projects, making this issue the obstacle to a final settlement. The Target Projects Program (TPP), a new pilot program administered by the Department of Housing and Urban Development, provided funds for problem-ridden projects that are plagued by bad arrearages, vandalism, blight, poor security, and troublesome tenant/management problems. Stella Wright and Columbus Homes ended their rent strike with an agreement which stated them as the recipients of the TPP funds. Their victorious agreements encouraged their

independence from NTC and established them as powerful tenant associations. Hence, there are three bona fide public housing tenant organizations in Newark with a splinter group from Scudder Homes evolving in recent months to become a fourth.

b) An Evaluation of a Tenant Participation in Public Housing in Newark

Thus far, tenant organizations in Newark have not delivered the maximum benefit of tenant participation to tenants. Although their accomplishments are significant, some of the power and achievements of the various organizations are deactivated by the disunity of their tenant groups. Furthermore, the Housing Authority has not done all that it is capable of doing to promote tenant participation. The present situation is one in which the tenant associations are competing against each other instead of working together in one consolidated effort to maximize tenant input for the improvement of housing services. Tenant unions in Newark work independently and often in secrecy from one another. Information on special experimental programs is not shared among all the tenant groups. Each organization uses any new information for their own purposes, in spite of the fact that tenants in other projects can benefit from their knowledge too. Quite obviously this type of behavior is counter-productive to the public housing tenants. As grass roots

organizations, they need the help and support of all those who are willing to contribute to the achievement of their goals. They should capitalize on the expertise of each other and pool their resources. The impact, for instance, of HUD tenant organization money would be more substantial if one organization received all of the combined funds. Moreover, as organizations committed to the well-being of destitute tenants, they have a moral obligation not to "play games" with the lives of those they represent. Therefore, ample consideration should be given to the idea of becoming one unified tenant body. It can bridge the detrimental communications gap which presently exists among the organizations and eliminate the destructive adversary relationship between the tenant associations. In addition, the formation of a united front would give the increased strength and power to public housing tenants. Such an organization could become an important political and economic group in the city. The Newark Housing Authority would definitely profit from the solidarity of a tenant union that was well organized. NHA could address itself to a tenant association which is aware of tenant problems throughout the city and thereby coordinate services in a more efficient manner. It could negotiate with one organization instead of contending with many, which leads to better relations with tenants. Different agreements with various tenant groups in the past has

fostered resentment and suspicion of "deals" due to the vast range of contrasting settlements. The Housing Authority would not be subject to accusations of collusion or incriminations of pitting one tenant organization against another, if it could deal with one tenant association representing all public housing tenants. Clearly, the existence of one tenant union is advantageous to both the tenants and the NHA.

On the topic of actual tenant participation in housing services, there are many good programs in existence. One of the best is the Tenant Management Committee, which occurs in practically all of the projects. The Committee consists of tenants and NHA employees, who jointly oversee managerial duties. They attend to the project community by balancing the clientele, practicing house administration on decentralized and more personal levels. They attempt to keep an equal racial balance in the project, distribute large families evenly among projects, and screen out applicants who have been involved in violent crimes. They try to minimize bureaucratic inefficiencies by expediting the transfer of families to the appropriate sized unit, and keeping an up-to-date list of vacant apartments. Tenant participation of this type is extremely positive because it allows the tenants to witness the day to day operations of management and offers them some training in the field. Another successful undertaking is the Extermination Program

It consists of eight exterminators who are also tenants that received on-the-job-training to eliminate pests in the project. By working on Saturdays they reach tenants that would not be reached by working nine to five, Monday to Friday hours. Hence, because of this extra effort, they exterminate more apartments and subsequently, they have been more efficient than previous exterminators. This is an example of tenants providing services to each other, and doing it very well. Other noteworthy programs include resident involvement in the Modernization programs. Here tenants assess the condition of their dwellings and compose priority lists for needed repairs. Although their input is minimal, such participation does make housing services more responsive to the needs of the tenants.

An examination of the organization structure of the various tenant associations reveals a strong similarity in tenant leadership objectives. Leaders of the Stella Wright and Columbus Homes tenant associations and the Newark City Council, all expressed interest in the concept of tenant involvement in public housing services for the purpose of jobs, training, and quality housing. The stimulus to much of the tenant interest is the desire for employment and accordingly, tenant leaders for all three organizations have sought job opportunities for tenants. The immense need for work and concern for improving the environment has promoted tenant involvement.

Stella Wright and Columbus Homes have made the greatest strides toward tenant participation. They are formulating tenant management programs to be implemented by the TPP funding. Their models are based on the St. Louis experience in Tenant Management Corporations (TMC), where the Housing Authority works closely with the TMC but the tenants do tenant selection, ordinary maintenance, collect delinquent rents, hire staff, and are responsible for security.

Stella Wright has an elected hierarchy which is broken into two boards, the review board and the executive board. The review board is the policy making body of their tenant organization, and the executive board implements the decision of the body. Though their TMC is not in operation at present their direction is with extreme sensitivity toward tenant problems. Unlike most TMC's, they intend to keep their tenant organization to monitor the performance of the TMC. They feel it is important to have another organization for tenant grievances in order to maintain fairness in their policies.

Columbus Homes has elected leadership with elections being held approximately every two years. The hierarchy includes a president with several steering committees. They, too, are in the interim stage of TMC development. Their tenant leaders are making preparations for the TMC conversion where they are upgrading maintenance services and emphasizing

the importance of "personalizing" tenant contact.

The Newark Tenant Council represents fourteen NHA projects and also supports the concept of tenant management corporations. However their approach differs in their perceived role for the Housing Authority. They see the Authority as a holding company for project ownership and the tenant would deliver most, if not all, housing services. A central tenant body would, for instance, handle the payroll to create more jobs and establish self-sufficiency. It could also become a clearing house for social services. The idea is to furnish as many benefits as possible to the tenants in improving services, training tenants for skilled jobs, and controlling resources. To date none of the NTC projects have a TMC, nor is any one of them slated to become a TMC in the future. Nevertheless, tenant management is a goal of top priority. The internal structure of the organization is a central hierarchy with a Council consisting of elected representatives for all fourteen projects. They have regular meetings of the Council in which they make policy from the feedback of their representatives on conditions in the projects. The ideals of democracy are inherent in their activities as the NTC tries to include all types of tenant issues and encourage involvement at all levels. The communications system within the Council is strong, being more extensive than those of any other tenant associations. And it should also be known

that their coordination of activities is extremely good.

c) The Responsibility of the Housing Authority in Dealing With Tenant Involvement

One of the most important steps in a successful tenant participation program is to relay the tenant oriented outlook of the Housing Authority to the tenants. Moreover, there is a distinct need for the staff of the Authority to set up conditions which will be conducive to tenant involvement in a positive manner. The NHA should establish a responsibility to the tenants and itself to channel tenant participation into a productive framework of housing interests.

1) Staff commitment

Before the Housing Authority can effectively deal with tenant involvement, it must first procure a good relationship with tenants. So the NHA should convey its policy of commitment to the tenants. This may mean the staff will have to be re-educated as to the rights and responsibilities of tenants, but the staff must exhibit interest in tenant involvement so they can work together with tenants in a prolific fashion. It's also crucial that the staff know what is required of them and what consequences would result if they do not follow set policies. If the Authority wants to demonstrate its commitment to tenant participation, the staff is its best tool for doing this, and the NHA must orient its employees to this fact.¹¹

2) Re-examination of past NHA practices

The Housing Authority must realize that tenant participation may require some modification of existing policies, programs, and procedures. A willingness to accept tenant involvement means the NHA is acknowledging a possible change, with new ideas being introduced to combat housing problems. The scrutiny and correction of present practices will strengthen the overall delivery of services by weeding out poor policies and revamping them to become more relevant to tenant needs and, more effective.¹² More specifically, it means the Housing Authority should re-evaluate past practices which have been divisive to the existing tenant organizations. Circumstances have been set by the Authority which caused tenant associations in Newark to compete against each other for the good of their own projects rather than for the benefit of all tenants in the city. Certainly, this tactic is resented by the tenants and it only serves as an obstacle to better relations between the NHA and public housing residents. In essence, the NHA should take advantage of tenant involvement by utilizing its new resources (i.e., the tenants) in an objective manner to improve housing services. However, if tenant input is to truly be a resource to the Authority, the NHA must create a good working relationship with tenants.

3) Examination of manpower resources

In examining resources, the Housing Authority will probably consider manpower to be one of the most significant. In many instances, the expertise of the personnel delineates the capabilities of the organization and hence is an important component in the delivery of housing services. Extensive tenant involvement calls for the employment of tenants by the NHA for maximum benefits to the tenants and the Authority. So, a redefinition of job descriptions or the reassignment of staff is recommended as a preparation for intensive tenant participation. Such changes in employment requirements can open the door for more tenants to find a place in the NHA and may contribute a job redistribution that will facilitate more productive tenant/Housing Authority interaction.¹³

d) Preparations for Re-directing Tenant Input

Since an extensive network of tenant organizations already exists in Newark, it might be useful for the Housing Authority to redirect some tenant input into a union that will work closely with Authority Administrators. The following are program suggestions for the development and cooperation between the present tenant unions and the NHA.

1) Public relations

The Housing Authority must first improve its public relations with tenants before it attempts to re-direct

tenant input. It should try to negotiate some compromises on issues it never settled. It has to demonstrate its willingness to work out problems with good intent. It must convince the tenants of its concern for their well-being. Hopefully, this approach will contribute to the better rapport needed to make real accomplishments.¹⁴

2) Mediation

In an effort to remedy previous disputes between the Housing Authority and the tenants, a mediator can be a third party who helps to reach a settlement.¹⁵ This would be a last resort effort to end controversies which could deactivate any positive steps taken in the future with tenant organizations. Mediation would offer a new element of impartiality into tenant/Housing Authority disagreements. It is a useful resource for monitoring conflicts which could continue the undesired adversary relationship between the NHA and tenants.

In re-directing tenant input into housing services, two models will be presented to facilitate the development of tenant management corporations. These models will be functional tenant organizations in themselves and will also be training stages for TMC conversion. Their purpose is to prepare tenants for management roles and to offer alternative organization structures to intraproject tenant organizations.

e) A Review of Tenant Participation Experiences
in Tenant Management Corporations

The formulation of these pre-TMC models is a product of research done on the Bromley-Heath Tenant Management Corporation, and on observations of tenant organizing methods. Bromley-Heath is a project owned by the Boston Housing Authority in Massachusetts. It is made up of three federally aided projects comprising approximately 1200 units. The Heath Street project is more than 30 years old, Bromley is more than 20 years old, and Bickford Street, the elderly project is over 10 years old. They are a combination of high and low rise buildings spread over 20 acres of land. The physical features of Bromley-Heath are quite similar to the projects in Newark and of course the residents are the same, sharing the problems common to all poor people. Bromley-Heath received a grant for a tenant management demonstration program in April, 1968, with the intent of developing a process to prepare residents for managerial responsibilities in a tenant corporation.¹⁶ An interim committee was formed of tenant and social service agency workers which established goals and set a timetable for performance. Working with a consultant firm it devised a TMC development program which covered the project on a building by building basis to educate and orient residents to the concept and practices of tenant management. Because the notion of TMC's was new, innovative, and somewhat foreign

to tenants, the orientation became a fundamental factor in the process. Their pilot program involved five buildings with an elected building manager from building committees formed by the tenants. Each building was originally responsible for four management functions, which were tenant selection, tenant eviction, tenant employment, and building improvements. Unfortunately, two functions were dropped from the program. However the tenant maintenance employees and the physical improvement of the building were successful. Using such indices as turnover, arrearages, vandalism, occupancy levels of inhabitable units, and new applications for tenancy, the Interim Committee was able to monitor the buildings in the pilot study. The desire of other Bromley-Heath residents to include their buildings in the program also testified to its success.¹⁷ The Committee followed up the pilot program with a series of social events to promote and sustain interest in the tenant management concept. It had a Community Clean-Up Day, and Information Day, a Holiday Jamboree, and an Incorporation Testimonial.

After a proposal for refunding was granted, the second stage of TMC development occurred. This phase involved economic development with concern for the financial solvency for the project and increased employment opportunities for tenants. Here, the mechanisms of implementation were formed and nurtured until the time of TMC conversion. The structure

of the Bromley-Heath Tenant Organization (BHTO), consisted of representation for each building selected yearly and it worked in conjunction with the Board of Directors (elected by BHTO) which was the policy making arm of the association. A third body of the TMC organization structure was the Program Committee which addressed social and political needs in the project community. Members of the BHTO performed as building captains, acting as liaisons with the tenant, information resources, and tenant representatives. Tenant workers in the maintenance crews and management office learned housing skills with on-the-job training. The Board of Directors negotiated with the Housing Authority for task assignments for labor, union agreements, and monetary support for the Bromley-Heath TMC. On January 1, 1973, the Bromley-Heath Tenant Management Corporation became a reality. The TMC gained managerial responsibilities for the hiring of staff, collection of rent, delivery of maintenance services, control over modernization modes, and many other traditional management functions.

In an interview with the tenant manager of Bromley-Heath, an evaluation was made of the first year's experiences. She felt the tenants were pleased with the change in management and thought residents found the quality of housing services to improve substantially. Indications from the administrators of the Boston Housing Authority corroborated this claim. However, some discontent did exist within the

present system on the part of TMC leaders. In retrospect, they believed a few revisions in the contract agreement could have eased their job considerably. Specifically, they wanted:

- 1) An inventory of needed repairs to be taken before the TMC conversion to accurately monitor their performance in the future;
- 2) The TMC not to acquire the arrearage of the previous management;
- 3) The staff of the Housing Authority to be informed of the responsibilities and powers of the TMC;
- 4) Operating funds to be consistent with the needs of the project and good management to be rewarded with increased funding;
- 5) The Building Capital Program to be continued beyond the parameters of the demonstration grant.

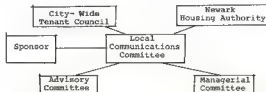
In an attempt to profit from the Bromley-Heath experience, the design of the following models will correct for some of the problems they encountered on the implementation process. These models will also incorporate the existing tenant organization structure in Newark as an effort to re-direct tenant input. The goals of the models are the development of tenant skills in housing services for the purpose of upgrading the quality of housing and to foster some social mobility for public housing residents. The intent of re-directing tenant input is to enhance tenant participation for the residents and the Housing Authority. It is hoped that public housing services can be delivered for, and by, the tenants, in concert with the professional housing administrators of NHA. Thus, the concepts expressed in the models are to maximize the benefits of tenant participation for both parties.

The first model is Tenant Council Type-A.

Tenant Council Type-A is an information and advisory tenant organization which addresses itself to tenant selection, normal occupancy regulations, and the eviction process. It is an outgrowth of the existing Tenant Management Committees and is the initial preparatory stage for TMC conversion. One of its primary functions is the orientation of the tenants in the projects to tenant management corporations. In establishing an inter and intra communication system, it links itself with the city-wide tenant organization, the local community, and the project tenants. Two communities of two or three persons each, would be responsible for inter-communications. A committee of building chiefs, one for every building, will compose the intra-communications system with the project. This communications network would be the orientation mechanism and is accountable for the education and promotion process of extensive tenant involvement in management. This group would also be a monitoring tool for interest in the proposed endeavor. The information gained would be synthesized by an Advisory Committee of five persons that would become an advocate for a TMC, if tenant management is the desired result. In the advocacy process, the committee would find competent social service agencies that could aid them in Sponsorship for funding and expertise. Even if a TMC is not sought by the

tenants, advocacy committee is still useful for gaining funds, political support, and the like for other projects which interest the tenancy. A final committee would be a Managerial Committee comprised of any tenant staff and potential trainees. This body could involve up to ten persons carrying out activities similar to those done by the Tenant Management Committee. Equal distribution of large families, equal racial balance, transfers of families to the appropriate sized unit, reporting vacancies, screening tenants, reviewing rules, and duties of this type would prepare tenants for tenant management involvement.

Type A



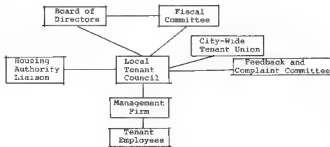
COST: \$250,000 (for stipends for the tenant participants-- any money for supplies and office expenses would come from MH 7413 HUD funds).

The second model is Tenant Council Type-B.

Tenant Council Type-B is an information, consultation, and negotiation tenant organization that deals with issues such as rent, tenant selection, normal occupancy regulations, and the eviction process. It also sets policy, partakes in management decisions, and can implement a tenant management conversion. Again, it is an outgrowth of the Tenant Management Committee concept at the final stage of development. The fundamental emphasis in this model is the administration and maintenance of the project. Through a Board of Directors of fifteen members, a coordinating body will evolve to organize committees for the purpose of delivering housing services. The board would consist of ten tenants, and five experienced individuals who are knowledgeable in real estate, management, law, or public housing. It would have immense administrative powers and supreme policy making abilities. The Fiscal Operation Committee would oversee accounting and auditing procedures for the project. Assuming responsibilities for the financial state of operations, it would make recommendations for capital expenditures, determine budgets, pay bills, and actively seek alternative sources for funding. A committee of three persons could carry out these tasks. Both the Board of Directors and the Fiscal Committee would be accountable to the Local Tenant Organization of the project which could monitor their actions and

contribute to policy formulation. The local tenant organization would have a representative from each building to form a council. Inputs into the local tenant union could be a liaison person from the Housing Authority, representing the bureaucratic viewpoint and feedback from a complaint committee for the tenants' point of view. Additional input would come from the city-wide tenant organization in an advisory capacity too. Tenant Employees in this model, would make up a substantial part of the work force, delivering housing services for a management firm, and in the process receiving on-the-job training. The management firm would be hired by the Board of Directors and would be subcontracted to work with tenant employees until the time of a TMC conversion, or as a provision of TMC conversion. The situation could be one in which tenant participation is simply the hiring of a management firm to work with or without tenants. Hence, it is the responsibility of the firm to its employer, the tenants, that provides for the tenant involvement here.

Type-B



COST: \$400,000 (for salaries, supplies, and stipends).

5. Conclusions and Recommendations

It is quite evident that tenant participation in housing service delivery is an aim of the public housing tenancy in Newark. Tenants throughout the city want the quality of their housing to be improved and the opportunity to ameliorate the conditions themselves. Although the Housing Authority realizes the need for tenant involvement, the extent of such involvement is still questionable. The taxing job of public housing management seems overwhelming for inexperienced talent, and understandably the NHA is apprehensive about extensive tenant participation. But the decision must be made to grant tenants some destiny over

their own lives. It's time for a new approach and the Housing Authority must change its paternalistic image. The lengthy rent strike of April, 1970 has left misconceptions and bitterness with tenants which impedes the performance of the Housing Authority. Thus, a time of compromise is needed to bring together both sides to solve Newark's housing problems. The following recommendations are made in this spirit of compromise for the purpose of accomplishing maximum benefits from tenant involvement to the Housing Authority and the tenants themselves.

- 1) The NHA must employ and train more tenants for positions in the Authority at all echelons.
- 2) The Housing Authority should create and fill a position of a liaison person to deal with tenant groups on a full-time basis.
- 3) The Authority should attempt to negotiate a settlement on remaining controversies which hinder a positive relationship with the tenants.
- 4) The public housing tenant organizations in Newark should combine to create one unified tenant union.
- 5) Tenant organizations should stop their coercive treatment of the Housing Authority and direct their effort toward making politicians more responsive to public housing residents.
 - a) They should conduct voter registration drives.
 - b) They should hold voter education classes.
 - c) They should lobby for issues of importance to them.

FOOTNOTES

¹Trans-Urban East, Inc., Final Report Regarding. The Feasibility of Tenant Management at Bromley-Heath Development, (New York: By the Author, 322 East 100th Street, 1970), p. 27.

²Housing Research and Development, University of Illinois, Tenant Councils: Preparing the Climate (Urbana: By the Author, 1204 West Virginia), p. 1.

³Ibid., p. 4.

⁴Ibid.

⁵Ibid., pp. 4-5.

⁶Ibid., p. 5.

⁷Ibid., p. 29.

⁸Ibid., p. 30.

⁹James Rone and Alvin Wright, Newark Tenants Council Summary of Newark's Housing Problems (Newark: By the Author, 1974), pp. 5-6.

¹⁰Ibid.

¹¹Housing Research and Development, op. cit., p. 7.

¹²Ibid., p. 8.

¹³Ibid.

¹⁴Ibid., p. 31.

¹⁵Ibid., p. 31.

¹⁶Bromley-Heath Tenant Management Corp., Inc., Narrative Document to Support Request for Refunding by the CEO of Grant No. CG 8293 (Boston: By the Author, 950 Parker Street), pp. 3-5.

B. Tenant Management Corporation Models

1. Introduction

The concept of tenant management of public housing has been growing with the realization that present management policies are inadequate and unresponsive towards meeting the needs of public housing residents. In most public housing across the country, vandalism and crime exists; maintenance is inadequate; buildings and grounds are deteriorated; and tenants lack the necessary social and community services. There prevails among the public at large and some tenants themselves a negative attitude toward public housing. Some critics have gone so far as to suggest that all public housing be abolished.¹ This extreme measure would only exacerbate the current housing problems for it is clear that no other feasible alternative exists for housing the poor.

The issue confronting local housing authorities today is that of reorganizing their management policies. Tenants are concerned about the quality of their environment and are seeking some control over the decisions that affect their living conditions. The rapid rise of individual tenant organizations over recent years is just one indication of the need for tenant involvement. Today, tenants are organized on local and national levels. They are being appointed or elected to Housing Authority Boards, and are recognized by national government.

Tenant management of public housing, short of ownership, represents maximum tenant participation. It is grounded in the philosophy that tenants should be given the opportunity to control the quality of their housing services. It is mandated by regulations for HUD's Modernization Program which calls for the involvement of tenants in the plans and programs for the modernization of the project, changes in management policies and practices, and expanded services and facilities.²

The purpose of this task investigation is to examine the concept of a tenant management corporation as an alternative to the present Newark Housing Authority controlled management operations. This conception has two basic underlying assumptions:

1. Tenants are concerned enough about their living environment to commit themselves to a rigorous program of direct management.
2. The Newark Housing Authority is likewise committed to the tenant management concept as a desired means toward improved management of public housing.

2. Historical Background

The Housing Authority of Newark has recently experienced a long rent strike involving the Columbus Homes, and Stella Wright housing projects. The major focus of the strike was to protest the lack of adequate management and delivery services. An important outcome of the rent strike was the realization that tenant participation is essential in order

to solve the problems of public housing. Toward this end, an agreement was signed between Columbus Homes Tenant Association and Newark Housing Authority in January of 1975. The agreement called for the development and implementation of a tenant management organization for Columbus Homes. A similar agreement was signed between Newark Housing Association (NHA) and the Stella Wright Tenant Association. Stated briefly in outline form, the agreement for Columbus.

- establishes a Task Force to recruit technical assistance, procure funds, and implement the management pilot project
- proposes that Columbus Homes Tenant Association, Task Force, and NHA work together to develop criteria for "Project Improvement Plan" (PIP)
- established a temporary Tenant Management Committee to act in advisory capacity to housing manager, until the establishment of the Tenant Management Corporation
- holds NHA responsible for making available to Columbus Homes Tenant Association permanent office space, equipment and supplies within management complex at Columbus Homes
- guarantee that all funds designated for Columbus Homes Tenant Association will be allocated solely to that organization.

This contract and its provisions are contingent upon allocation of certain Target Pilot Project (TPP) monies from HUD. A preliminary commitment has been made by HUD in the amount of \$1.6 million for Columbus Homes, and \$1.4 million for Stella Wright.

Both Columbus Homes and Stella Wright were chosen for

TFF funding as an incentive to end the rent strike.³ However the rationale for selecting them to experiment with the tenant management concept is as yet unclear. Earl Phillips, Director of Housing at the Newark Housing Authority outlined several criteria necessary for tenant management.⁴ They are:

1. The officers of the tenant organization should represent a bona fide group, that is, they should be elected officials
2. The tenant organization should meet on a regular basis.
3. The tenant organization should have a working relationship with the Housing Authority
4. The goals of the tenant organization should be consistent and representative of established policies.

A recent evaluation by the McCormick Consultant Firm has determined that neither Columbus Homes nor Stella Wright are at the present time capable of taking over management functions. The firm cites internal friction and lack of expertise as the major obstacles. These findings, however, do not preclude the concept of tenant management. They do indicate that much work remains to be done before actual plans are implemented by either housing project. It is the writer's feeling that the McCormick Firm will continue to work with both tenant organizations to bring about desired results.

1. The TMC Concept

The concept of the tenant management corporation is a fairly new one in public housing policy. There are presently five TMC's operating throughout the United States. The tenant management corporations established in Boston, Massachusetts and in St. Louis, Missouri have been examined for possible guidelines and applications to the Newark situation. There are lessons to be learned from both tenant management corporations. This section lists some of the risks involved in tenant management and some of its benefits.

a). Benefits

The most obvious benefit of a TMC is tenant involvement in the management process. Tenants have a stake in public housing, and their participation in its management operations will instill a sense of pride which no local housing authority can hope to deliver.

Many management problems stem from poor management-tenant relationships. The housing manager is often looked upon by the tenants as an outsider and tool of the administration. Past studies have shown that most managers tend to be white, middle class persons who neither understand nor value tenant needs and desires.⁵ It is feasible that tenant management can be more receptive and sympathetic to the needs of its fellow residents.

The TMC can establish direct and meaningful communication with the housing authority. This interaction would keep housing authority officials attuned to various tenant needs while at the same time broaden the tenant manager's perception of the difficulties of management.

A tenant management corporation can also bargain for other important delivery services not provided by the Housing Authority through contracting independent agencies.

A tenant management corporation can be cost effective. It would have power to employ tenants residing in the housing complex, thereby saving on union wages. It can also allocate money specifically for maintenance and repairs which would reduce maintenance delays.

b) Risks

The biggest risk for the tenant management corporation is that which confronts local housing authorities--financial instability. It is generally recognized that federal subsidies are not adequate in providing for "decent, safe, and sanitary housing." And rents fall far short of meeting the rising costs of maintenance, labor, and supplies. The TMC must be prepared to deal with several realities of public housing management: lack of money, security needs, inadequate social services, and the physical blight of the neighborhood.

There is also the risk of taking on too much too soon. Establishment of a TMC should incorporate realistic goals

and objectives. Management of public housing is a complex operation and requires expertise and training.

Along with inheriting management functions, a TMC inherits its problems as well. Tenants may stop perceiving the TMC as an advocacy body. Relations may become strained, especially if the TMC experiences management difficulties. The TMC may lose the tenants' perspective as it becomes more involved in management functions.

Tenant management of public housing units must strike a delicate balance between those risks and benefits enumerated above. On the one hand, a TMC has the potential to be cost effective. On the other hand, it can go bankrupt. It can be more sensitive to and involved in tenant problems. Yet it faces the possibility of taking on traditional management attitudes. It can serve as a valuable resource to public housing officials but it can also alienate them even further.

4. The TMC Model

There are no simple answers to the complexities of the TMC concept. The extent to which each TMC influences and controls management responsibilities is the decision of the local Housing Authority, and the tenant organization involved. There are however some general guidelines which can be applicable to the establishment of a Tenant Management Corporation, and to the establishment of TMC's for both Stella Wright and Columbus Homes.

a) Objectives

The objectives of the Tenant Management Corporation would serve to establish goals and policies which are not only desirable but feasible. The following objectives were constructed with the view that tenants at Columbus Homes and Stella Wright could implement most or all of them to successfully implement the management process

1. Redefine management functions to fit the specific problems of tenants.
2. Improve the delivery of services.
3. Develop training activities and programs.
4. Create and maintain a viable community.
5. Reverse the deterioration of grounds and buildings.
6. Establish conditions to insure fiscal solvency and TMC stability.

b) Criteria for Implementation

Funding and expertise are necessary for successful implementation of the TMC. The initial funding will come from TPF monies available to tenants of Columbus Homes and Stella Wright as well as Modernization funds designated for capital improvements of physical environments of those two housing projects. The TPF funds can be utilized especially for the purpose of contracting for relevant studies and training programs.

An Interim Task Force will be utilized to actually implement the TMC. That Task Force has been chosen for both Stella Wright and Columbus Homes; it includes tenants and community leaders. Its duties are to:

1. Recruit technical assistance from the government and private sectors.
2. Develop proposals and procurement of funds.
3. Implement a tenant management pilot program.
4. Work with the Newark Housing Authority and the Columbus Homes and Stella Wright Tenant Associations to develop and implement a career training program for tenants.

The recruitment of technical assistance should be a priority item for the Task Force. An interim period should be allowed in order for tenant leaders to receive the proper training necessary for eventual tenant management. It is expected that the NHA will cooperate with the TMC and lend its technical assistance along with that of a professional management consulting firm.

The functions of the Tenant Organization and the Tenant Management Corporation should be kept separate. The most feasible way of accomplishing this would be to incorporate the Tenant Organization which would then set up a subsidiary management firm to contract with the NHA. This would solve some of the risks of a TMC, that is, it would isolate the liability of the management function; it would give the Tenant Organization the power to select a Board of Directors; and it would not hamper the political effectiveness of the Tenant Organization to act on other non-management matters.

The Task Force, pending TMC incorporation, will retain a competent contract lawyer to negotiate any agreements with the Housing Authority. The contract should spell out in clear terms the specific obligations of each party. The experiences of the Bromley-Beath Tenant Management Corporation dicates that this is an important element of TMC incorporation. It sets the stage for a working relationship between the NHA and the TMC. It also outlines criteria for what the tenants can expect from the TMC.

c) Tenant acceptance and support

It cannot be assumed that tenants will automatically accept the concept of a tenant management body. The new tenant managers must orientate project residents to their program. During the interim period, orientation of tenants should be initiated. This can be accomplished through:

1. Door to door campaigns.
2. Local news media
3. Community activities (clean-up campaigns, parties).
4. Meetings.
5. Leaflets.

Hopefully the orientation period will also serve to get tenants involved in the TMC activities. The need for general tenant participation should be stressed.

d) Pilot Program

Tenant management of public housing can range from hiring its own management staff to actually performing the duties of management. This particular model assumes that all management functions will be undertaken by the TMC. This is always not a feasible measure, but does concentrate most management power in the hands of the TMC. The following functions can be undertaken immediately or can constitute a gradual procedure

1. Tenant selection and eviction.
2. Rent collection.
3. Employment of staff.
4. Provision of security and maintenance.
5. Contracting for social and community services.

The TMC will, of course, establish its office at the housing project. Office equipment, supplies, and materials as well as the actual office space can be provided by the Newark Housing Authority or acquired through TPP funds.

e) Management Training Program

The success of the Tenant Management Corporation depends heavily upon the efficient training of its staff and tenant leaders. This training program should be an ongoing process with the concept that those tenants who have been trained will in turn train other tenants for various functions such as management, maintenance, security, social services operations. Management training should

focus on

1. General management orientation.
2. Staff organization and communication.
3. Goals and priorities.
4. Efficient fiscal and clerical operations.
5. Procedures for contractual agreements.

f) Delivery of Services

This is a critical area of tenant management, and in the past has caused the most conflict between manager and tenant. Because tenants have traditionally been deprived of the needed municipal services, the TMC must be the supporting agency for acquiring them. The problem in the past has been how to achieve this. The Newark Housing Authority has not been in a position to provide social and community services because of an inadequate budget. The TMC, can, however, allocate a certain percentage of its rent income to providing those services. In the case where the TMC does not control its budget, it can contract with the Housing Authority to allocate money specifically for social and community services. Also, the NHA and the TMC should actively seek state funding for implementing these services. Whatever the method employed, tenants should be given priority in all job opportunities created by the increased services. That includes the necessary training to operate and maintain those services.

g) Maintenance

An important aspect of the TMC maintenance program will be the recruitment of building captains to serve as a liaison between the TMC maintenance staff and the tenants. Captains will be paid to perform the duties of:

1. Keeping hallways and incinerators clean.
2. Monitoring maintenance requests per building.
3. Disseminating information.
4. Promulgating social functions.

Emphasis should be on the organization of the maintenance department. Tenant managers should determine its manpower and material needs; organize, list, and program its work orders in priority; and show in detail labor costs, man hours, service codes, and project units. A maintenance supervisor should be recruited who has a background of skills in general craftsmanship as well as supervisory abilities. Also, problems originating with union workers should be worked out with the aid of the Newark Housing Authority. It should be noted that the NHA is in the process of establishing a centralized maintenance system which could cut down considerably on present maintenance costs. The TMC could utilize this centralized system as a back-up service for the continued efficient operation of its own maintenance system.

h) Economic Development

The TMC can be a viable mechanism for stimulating

economic development of the housing project. To the extent that it will have power over the distribution of funds, it can create jobs for tenants through maintenance, security, and social service programs. Meaningful training programs are needed to prepare tenants for all phases of management, ranging from minor repairmen to actual managers.

The TMC also has the ability to take on certain functions of an economic nature. It can establish a credit union, food cooperative, and contract for laundry facilities.

5. Conclusion

The Tenant Management Corporation model outlined above describes in very broad terms the description and emphasis that a tenant organization such as Columbus Homes or Stella Wright should take in the performance of public housing management duties. The model has certain limitations in that it was developed with minimum interaction between tenant leaders of the concerned projects named above, and therefore could not anticipate specific problems which may arise. Also, it must be noted that the writer was not familiar with the details of the particular models which Columbus Homes and Stella Wright have adopted. Thus those models cannot be evaluated within the scope of this report. My own TMC model has tried to address itself to some of the more general problems involved in tenant management based on what I perceive the risks to be.

It is my feeling that the Tenant Management Corporation concept, although problematic, is a worthwhile experiment to undertake. However the current political difficulties between the Newark Housing Authority and both the Stella Wright and Columbus Homes Projects must be resolved. For it is essential that those three bodies maintain and foster a meaningful and cooperative working relationship in order to create a better living environment for the Newark public housing residents.

It is also my feeling that a TMC can reduce the high cost of maintenance. Because they will represent the tenants and have a closer relationship with them, the TMC can reduce vandalism, and vacancy losses, as well as maintain a better level of rent collection. Successful management will ultimately depend upon three broad characteristics:

1. Encouragement of resident responsibility and participation in program activities.
2. The ability of management to maintain consistent and firm enforcement of rules and regulations.
3. The ability to respond to maintenance requests and to provide social services.

Finally, these programs which the Newark Housing Authority are in the process of initiating through TPP funding will provide valuable resources for tenant managers. NHA participation in and assistance to TMC operations will quench any fears that the TMC will be on its own entirely--a fact which would serve as a disadvantage to the TMC and its tenants.

RECOMMENDATIONS

1. The Newark Housing Authority should establish a Tenant Affairs Board consisting of representatives from both Columbus Homes and Stella Wright TMC's and from the major divisions of the NHA staff to work policy decisions and to develop and maintain communications.
2. NHA should continue its plans for social services using city and state funding and utilizing tenant employment to implement them.
3. NHA should perform an inventory of maintenance and building conditions to determine guidelines for TMC management.
4. NHA should attempt to minimize labor problems by informing their workers of current TMC status and powers (especially their policy on tenant employment) and by transferring union workers to other project locations where feasible.
5. During the interim period, the NHA should attempt to clear up outstanding rents and charges in order to facilitate accounting procedures for TMC organizers.
6. NHA should continue to help seek and exhaust all avenues of funding available to TMC.
7. NHA should provide for changes in its contract with the TMC to meet rising costs, and inflation.

8. NHA should lend the services of their staff in preparing TMC for management responsibilities.



8

IMPROVING GENERAL ADMINISTRATION

GENERAL MANAGEMENT PROBLEMS:
IMPLEMENTATION OF THE MODERNIZATION PROGRAM

A. Problem Definition of the Modernization System

This section examines the general question of use of information systems in the Housing Authority's Modernization program

Computer systems can be of enormous help in managing the data used in decision making, day-to-day job control, and in computing and displaying information. But on the other hand, the data management if poorly constructed or if no more than a collection of incompatible parts, can be a nearly insurmountable barrier to effective data analysis.

Available commercial software systems have a range of different designs, each coming more or less close to the ideal systems and each having its peculiar quirks and limitations. In order to review critically the characteristics of alternative systems, it is useful to lay out the desired features.

One wants the system to have the ability to store, process, and retrieve various types of data. Specifically, the following features are desirable:

The system must allow the storage of quantities of various types of data. This includes numerical data, as

well as non-numerical data, such as character values for storing names.

The system should permit the user to select and assess data according to varying criteria.

The system should give the user the means for easily viewing, inputting, and updating data. For example, a user should be able to make routine additions and revisions to monthly, weekly, daily time series.

The system should provide for the production of reports or tables with selected raw data or summary data, as for example, the daily job report.

Facilities for performing arithmetic operations on the data, such as summing or averaging, are needed.

The system should give the user the ability to produce plots, graphs, and histograms.

The system should have capabilities for more sophisticated statistical methods, such as regression and seasonal adjustment. For example, a data series such as demand for certain type of materials which exhibits strong seasonal components, can be seasonally adjusted.

The system should permit the user to specify, construct, and execute forecasting models. For example, a model may be applied to forecast budget requirements for the following year.

Introduction to the MOD System

MOD System will be a collection of software tools that facilitate the construction of management information systems, models, and user interfaces. The tools will be particularly applicable to the systems with the following characteristics.

- several classes of users, each of which has a different degree of sophistication
- complex and changing security requirements
- data that exhibits complex and changing inter-relationships
- changing needs to be met by the information system
- need for quick and inexpensive implementation
- complex data validation requirements
- complex models to build access data.

The approach taken here to such a system is a hierarchical approach both in implementation and presentation to the user. The approach is hierarchical in implementation because this technique provides for ease of debugging, independence of hardware, and basis for investigating properties of completeness, integrity, correctness, and performance. It is hierarchical in its presentation to the user to take cognizance of the fact levels of user sophistication demands appropriate command environments. As such, the casual system user has powerful, high-level commands at his disposal, while the sophisticated (perhaps also the

more analytically inclined) user has more detailed and basic commands, but with a low tolerance for error.

The tools of the system would have to be designed in such a way that the interests of the various user groups are met.

User View of MOD System

Keeping in mind that the ultimate purpose of MOD System is to provide a facility to aid the construction of an information system especially for use by the MOD program to provide day-to-day control of transaction, labor, inventory, and dollars spent, and for use by policy makers in making housing policy decisions it is to be recognized that there will be several classes of users of the MOD System facility. The following is a brief explanation of the various classes of users:

1. Non-computer oriented person--e.g., a project administrator within the MOD programme. His objective is to get answers to specific questions and to produce reports.
2. Well-trained--e.g., a specialist within MOD who has been trained in the use of the system.
3. Researcher--e.g., a planner with some computer background who wishes to build a model for a special study.

4. Systems analyst/programmer--e.g., a computer professional, he may wish to add a new table to the system or change the protection rights on an existing time series.

Other Systems

Numerous other data management and analytic systems are available, each of which satisfies some subset of the characteristics of the MOD programme.

Some principal data base systems presently in use and commercially available are: SYS 2000, MARK IV, RAMOS, IMS, ENQUIRE, OLIVER, ORACLE, GIS, JANUS, IDMS. Some modeling systems are: TSP, TROLL, EPLAN.

All the above data management systems lack good analytical capabilities. All the modeling facilities have deficiencies in data management capabilities. The major deficiency of both classes is lack of flexibility.

Each of the available data management and analysis packages has several limitations, but the major restriction is lack of flexibility in the use, access, and protection of data. This is a particularly damaging limitation in the context of MOD's programme needs for several reasons:

1. Since unforeseen uses and needs for the data inevitably arise, the system must be flexible so that it can adapt to these changing needs. This particularly true when providing information for policy decisions.

2. There are varying constraints by changes in the quality, availability, and protection requirements of data. The system must be able to adjust to such moving constraints.
3. The system must be able to accommodate changing needs and constraints at reasonable expenditures of cost and effort. A flexible system makes it possible to easily experiment with many uses of the data at modest costs.

Problem Definition for Modernization System (NHA)

The following are the files that are required to be built into the MOD system:

1. Modernization Budget File
2. Contract Register File
3. Budget Transfer File
4. Inventory File
5. Modernization Status Report File Monthly/Weekly/Daily
6. Central Maintenance Request File
7. Daily Job Report File Overall/Project

File Description

- I) Modernization Budget File

Modernization Job number
 Previous modernization job number
 Modernization (Development) Account Number
 Original Budget
 Adjustments to Original Budget
 Current Budget
 New items
 Contract Allocations
 Material Purchased
 Amount Expended
 Amount Committed
 Job Status
 Balance
 Remarks

Total Amount Retained
 Job Status
 Remarks

Accounts Transfer File

Date of Transfer
 Amount Transferred
 "From" Account Number or Numbers
 Balance of "From" Account Number or Numbers Before and After
 Transfer
 "To" Account Number or Numbers
 Balance of "To" Account Number or Numbers Before and After
 Transfer
 Transfer Authorized By
 Remarks

2) Contracts Register File

Contract Number
 Description of Contract
 Modernization Account number
 Date Awarded
 Original Amount of Contract
 Amount Paid on Contract
 Amount to Be Paid

Inventory File
 Types of material in Inventory
 Quantity of materials in inventory
 Materials used
 Types of Material ordered

Quantity of materials ordered

Remarks

Modernization Status Report file Monthly/daily/project

Project number

program number

Item number

Item description

Budget

Amount Expended

Balance

Job status

Job Performed Under

Transfer of funds From

Transfer of Funds To

Remarks

Central Maintenance Request File

Project Number

Service Description

Account Number

Item Number

Work Requested by

Project Name

Type of Materials Quantity of Materials

Date job Started

Date Job Finished

Foreman

Manager

Type of Labour

Labour Hours

Cost Breakdown

Remarks

Daily Job Report File

Overall/ Project

Nature of Job

Type of Labour

Labour Rate/ Man hours

Materials Used

Building Number

Apt. Number

Project Number

Job Status

Delays

Weather
Supervisor
Chief Inspector
Remarks

Conclusions

The system should be designed and implemented in a hierarchical fashion a technique NHA should become familiar with, and should follow in all development. The hierarchical approach is advocated for all complex software as it allows a straightforward method of design, implementation, and debugging, as well as localizing changes to the software. It is desirable that the MOD system be designed in PL/I compiler as this language has the best features of all the existing languages and takes advantage of the new computer architecture developments, besides being much more flexible and powerful than COBOL.

Because of these demanding characteristics of the data use patterns within the MOD programme, it is important to take advantage of the very best software systems by developing the software for the MOD system with the combined effort of an outside consultant and the DP staff of NHA. It appears that this approach would offer great promise for the future application to MOD's data management and analysis problems.

THE FOLLOWING ARE THE QUESTIONS THAT COULD BE ADDRESSED TO THE MOD SYSTEM.

1. What events are expected to happen at a given date or period?
2. What are the total payments to be made in a given month, week or day?
3. Given all the facts for a given contract number,
 - a) What is the total payout for a given contract#.
 - b) When does a given event happen for a given contract number?
 - c) What are the labour requirements?
4. List payments, progress reports and fiscal reports due in June '75
5. Select name, address etc. of general contractor for a given contract#.
6. What is the average amount of money being paid to contractors in the month of April?
7. List all contracts which had cost overruns on 2nd June '75?
8. List all projects that are behind Schedule on 2nd June '75.
9. List all the funds transferred from the project A to B for the year '74.
10. List all items no longer in inventory.

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